

Herald Tribune

Published with The New York Times and The Washington Post

PARIS SATURDAY-SUNDAY, JANUARY 3-4, 1981

Established 1887

China's Leaders Call for Austerity to Fix Serious Fiscal Imbalance

By Michael Parks
Los Angeles Times Service

PEKING — This will be a year of tightening belts, the Chinese leaders have been told by the Politburo, the top decision-making body in the Communist Party, in a move to bring the country's economy back to a more balanced state.

At a meeting of the Politburo on Jan. 2, the leaders of the Communist Party of China called for a year of austerity to fix a serious fiscal imbalance.

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Outlining recent economic decisions, the editorial warned that new projects, the growth of government services and the improvement in people's living standards must be kept within the capability of the country to finance everything.

Not only is state spending, particularly on capital construction, running more than 10 percent ahead of its income, the paper said, but the nation as a whole is spending more now than it is earning.

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ing through industrial and agricultural production.

"If resolute measures are not taken to cope with this," the People's Daily said, "both the peasants and the [urban] workers will lose the economic benefits they have gained since policies were liberalized two years ago, and the situation that is turning for the better each day will suffer another upset."

These admissions in an editorial that traditionally praises the country's political and economic situation under Communist Party leadership were themselves a measure of the severity of the current economic crisis, and the unprecedented candor was undoubtedly intended to demonstrate that there has been a real change in policy.

An Extraordinary Indictment

The acknowledgment of the danger posed by inflation, for example, recalls the rampant inflation of the 1940s preceding the downfall of the Chinese Nationalist government, and belies the Communists' old boast to have solved that problem. The criticism of the country's past development strategy, going back virtually to the Communist takeover in 1949, is not just a further abandonment of the policies of Mao Tse-tung, but an extraordinary indictment of socialism's central planning.

With new policies, many of which are still being worked out, the paper commented, "we can say that from now on we are really freeing ourselves from the trap of 'leftist' ideas."

After the Communist victory, the party pushed hard for fast economic growth, the paper said, and "failed to proceed strictly from the objective conditions and observe economic laws" in trying to fulfill its promise of making China a rich and powerful modern state. "As a result, 'leftist' errors have long existed in economic work," the editorial said.

Even after the radicals were ousted in 1976, following Mao's death, "we underestimated the damage done during the preceding decade [of the Cultural Revolution] and failed to understand the 'leftist' errors committed in guiding economic work," the People's Daily said. "Instead we were over-ambitious for success and raised impractical slogans and targets, greatly extending the scope of capitalist construction that already was beyond the nation's power to finance."

These comments, reflecting the review of the economy made at a top-level party meeting last month, probably foreshadow a major political shakeup, analysts say.

Italy's lower house of parliament decided Friday to cut short its winter recess for a special debate on an outbreak of guerrilla violence. Deputies will reconvene on Jan. 8, four days earlier than scheduled, in response to Communist-led demands for an emergency recall.

The hangman D'Urso knew Galvaligi well, the Red Brigades communiqué said. "They were two sides of the same coin."

The leader also said: "This is not the moment for us to stay on the defensive, but on the contrary to strike blows 10 times greater and more terrifying in the ranks of the bourgeoisie."

The communiqué — the seventh issued since Mr. D'Urso's kidnapping — made headlines on a morning when top state and police officials were at the funeral of Gen. Galvaligi in the All Saints church in central Rome.

President Sandro Pertini cut short a holiday in the south of France to attend the funeral.

At the funeral angry onlookers shouted "We need the death penalty!" and "Long live the Carabinieri!" The death penalty was abolished in Italy in 1964.

Gen. Galvaligi, who was responsible for security in Italian jails where terrorists are held, was shot to death Wednesday night after he returned home with his wife from a trip to Rome.

In later years, Mr. Walsh emerged as a Hollywood star, his (Continued on Page 3, Col. 5)

By Gregory Jaynes
New York Times Service

KHARTOUM, Sudan — Last year, just after the U.S. attempt to rescue the hostages in Iran had failed, there was a state dinner in Khartoum, one of those stiff affairs at which ministers customarily speak grandly of national achievements and the diplomatic corps expresses every confidence that the will of the ministers will be done. However, the events in Iran soon consumed the conversation, and the ballroom was still smoldering on that night when a deputy minister under President Gaafar Nimeiri rose at the dais.

He expressed his deepest sympathy to his American listeners. Then he said wistfully, "I remember when we tried to kill His Excellency in 1976." He told of the meticulous planning that went into the attempt to assassinate Gen. Nimeiri and how it had been foiled when a tailwind set the president's plane down at Khartoum airport 30 minutes early.

Polyplot Nation

The president was not present, but many of his staunchest supporters were — and none was particularly shocked. To anyone who follows African affairs, the first astonishing thing about this anecdote is that a man who plotted to kill the president has a seat in the president's government; the second is the candor of the remark. Corpulent heads of state are not known for their ability to forgive. In Gen. Nimeiri's case, it is the source of his renown.

Sudan, the largest nation in Africa and as disparate in cultures and topography as any, with 1,009 spoken languages, a vast southern region that is really Central Africa and a vast-



Italians in a crowd outside the Rome church where the funeral of Carabinieri Gen. Enrico Galvaligi was held Friday called for the return of the death penalty. Responsibility for killing the anti-terrorist specialist was claimed by the Red Brigades.

Red Brigades Warn Italy of New Actions

ROME — Red Brigades revolutionaries, claiming responsibility for the New Year's Eve slaying of a Carabinieri police general, have warned that they plan "blows 10 times greater and more terrifying," police reported Friday.

The threats were contained in a leaflet deposited in garbage cans in two districts of Rome late Thursday. Anonymous telephone calls to two Rome newspapers told them where to find the leaflets.

The communiqué, headed by the Red Brigades' star insignia, said flatly that a Red Brigades "armed cell" killed Gen. Enrico Galvaligi, 60, Wednesday night in reprisal for the Carabinieri assault that crushed the Red Brigades prison revolt in the Adriatic port of Trieste on Monday.

It also linked the killing with the kidnapping of Giovanni D'Urso, an official of the Justice Ministry's prison administration department who has been in Red Brigades hands since Dec. 12.

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Coup Attempts

The capital of the south is Juba, and for eight years the southern legislators in Juba have done more squabbling than good. However, because the civil war has not broken out again, the south's secessionism is seen as a success.

Now Gen. Nimeiri wants to carve out five more semi-autonomous regions in the next two years. "Each region will have as much independence from the central government as a state does in the United States," said an enthusiastic deputy minister in Khartoum. The plan, though, is not without its opponents.

"It is too soon, too fast," said El-Fatih el-Tigani, permanent undersecretary in the Information Ministry. Mr. Tigani said he felt there must be more education and development in outlying regions before the people are told to tackle their own affairs.

Dissolving local political dissension has been a major goal for Gen. Nimeiri since 1977.

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Algerians Give Iranians U.S. Hostage Proposals

By Jonathan Sharp
Reuters

TEHRAN — The latest U.S. proposals for ending 14 months of captivity for 52 American hostages were handed to Iran Friday by three Algerian intermediaries.

There was no indication of how long Iranian authorities would take to consider a response. The three Algerian envoys spent 15 days here last month while the Iranian Majlis (parliament) for the release of the Americans.

The United States has given Iran until Jan. 16 to accept the proposals, which may be withdrawn by the incoming Reagan administration after it takes office Jan. 20.

Official U.S. sources said that unless the proposals are accepted by Jan. 16, the Carter administration will not have time to implement the complicated legal and administrative actions concerning Iranian financial assets before it leaves office.

Iran demanded in its last response that the United States deposit about \$24 billion with Algeria as a guarantee for meeting the four conditions set by the Iranian Majlis (parliament) for the release of the Americans.

Washington rejected this as unreasonable. U.S. officials described their latest proposal as a reformulated offer designed as a comprehensive response to Iranian statements and concerns. But they also said the new offer did not differ in substance from the position stated in the opening rounds of the indirect negotiations in November and December.

The Iranian view is that while the U.S. responses have been acceptable to a large extent, the United States must make the multi-billion-dollar deposit as a guarantee before the hostages will be released.

The United States has said it would free \$5.5 billion in blocked Iranian funds at the same time as the hostages are freed.

The U.S. has also offered to facilitate Iran's effort in court to oblige Iran to pay the ransom.

But by extending his come-one, come-all policy to the provinces, in the form of semi-autonomy, it is widely held that Gen. Nimeiri is gambling dangerously.

A Sudanese journalist remarked that the president "will only bring himself grief by decentralizing too early. We already have a long complaining constantly, and rightly I think, that they do not get the services that the north has. ... We can only be thankful that they bicker so much among themselves that no one has suggested they march against Khartoum."

The journalist asked, "Who is to say that when these other regions get their public assemblies and their governors it will not turn into one secessionist fire after another? Then we will have chaos everywhere."

But a source close to the president insisted that "his instincts are right. He is not talking about participatory democracy. He is talking about bringing more people into the management of this country."

INSIDE

Sinatra and His Friends

Frank Sinatra, who has had an off-and-on role as friend to presidents for 20 years, is re-establishing a relationship with the White House. But his friendship with Ronald Reagan is not the only thing that is putting the performer back into the news. A book based on interviews with an admitted Mafia boss raises once again reports that there are links between the entertainer and organized crime. Page 3.

WEEKEND

Hidden Treasures of Bangkok

Some treasures of the old and charming Bangkok still exist, but most are hidden in unexpected places, oblivious to the hectic pace of the city that sometimes seems, today, to belong to another world. Jim Thompson's house is one of those treasures. Page 5W.

New Calls Made for Reforms In Poland

WARSAW — A major Polish newspaper published commentaries Friday calling for more reforms in society and the Communist Party as well as "safeguards" to prevent another slide into repression.

At the same time, the state-controlled news media made no mention of a fresh Kremlin warning against "anti-Socialist forces" at work in the country.

Tass said Thursday that these forces were trying to use the independent labor union Solidarity to create a political opposition and lead the country into economic chaos. It said they were urging the union to "assume the role of a sort of counterbalance to the official organs of power and become an organization of a political kind."

The commentaries Friday, which were signed, appeared in Zycie Warszawy, the city's largest morning paper, which is owned by the government.

"Reform of the economy is not enough," one commentary said. "What is needed is to build barriers which guarantee that all reforms will not be annihilated," as happened following brief periods of liberalization in 1956 and 1970.

The commentary also called for "openness of political life in the party" and attacked the principle of "democratic centralism," in which party members must obey every party decision.

Three times in our postwar history there occurred false interpretation or simply rejection of the principles of Marx and Lenin," the commentary said. "I don't understand why in such cases the honest and rightful activists are forced to back a group of people with whose views they cannot agree."

The Soviet warning Thursday appeared aimed at keeping up the pressure on Poland's Communist leaders and reminding the new unions not to challenge the party's monopoly of power.

Official sources seemed surprised by the Tass report, noting that its assessment of the situation differed markedly from that of Polish head of state Henryk Jablonski in a New Year's message. Mr. Jablonski said there was a new sense of national unity in the country and made no mention of anti-Socialist forces.

The Tass report was not carried by the Polish press Friday although it could appear at a later date.

The Zysie Warszawy commentary said that "the scores of our country have been linked to the sickness inside the Communist Party."

"If we wish to find a remedy that would guarantee the irreversibility of the policies of renewal [the term for the political and economic reforms begun in the summer], then it is in the party where one should build barriers to guard against a return of the old evils."

While some persons were saying the reforms were already irreversible, this seemed premature, the article said.

It called for more openness in political life as one way to guarantee the survival of the reforms. "Society has the right to know what views comrades K or Y represent so that it knows the direction the country is headed."

Another writer warned that there were circles inside the party which saw the reforms as threatening their interests and were bent on blocking them. Many factory managers could not understand that workers wanted more control over their firms in order to get rid of bad management, the article said, adding that the party must intervene as soon as possible to get rid of incompetent persons.

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Aspin Report Asserts Poland Is in Danger

Democrat Sees Very High Chance That Russia Is Planning to Invade

By Michael Getler
Washington Post Service

WASHINGTON — Although Americans are "breathing more easily about Poland" as the prospect of Soviet military intervention appears to be receding, the chairman of the House Intelligence Oversight subcommittee argues that "the real danger" is "just about to begin."

In a report published Friday entitled "The Worst Is Yet to Come," Rep. Les Aspin, D-Wis., asserts that "the chances of a Soviet invasion are very high."

Contrary to many intelligence and press reports that suggested the Soviet Union had completed preparations to invade Poland in December, Rep. Aspin claims "there is strong evidence" that Moscow was not fully ready to move militarily or politically and that the real danger will come from mid-January to the end of March.

Rep. Aspin, whose committee has been studying the U.S. intelligence community's ability to forecast invasions such as those in 1968 in Czechoslovakia and Afghanistan in 1979, says this early forecast of readiness for a possible intervention "early in December" may be another case of the common intelligence failure of "mirror-imaging" — assuming that others are like us.

"Precise and Plodding" The United States, he argues, puts great emphasis on the "fire-fighter approach" where speed is important. "The Soviets give much greater weight to advance preparation," he says. "The Soviet military, he said, is both precise and plodding." As in the cases of Czechoslovakia and Afghanistan, its procedures require six months for an invasion of this kind, he said, and that preparation time will not be up until mid-January.

Though the Kremlin probably still has not made up its mind to intervene, Rep. Aspin says the "odds strongly favor an invasion," and he cites three reasons.

First is what he calls "bureaucratic momentum," meaning that so much work has gone into preparations and so many careers are on the line that bureaucrats may feel they must "use or lose" the January-March period, after which spring rains and other factors will make it hard to keep the current forces in place.

There are undoubtedly Kremlin officials worried about "taking the heat" if Poland blows up after this time and the troops are out of position, he says.

Further, he adds, "On no other occasion of which we are aware have the Soviets failed to use the mobilized forces at their command after such massive preparations."

Rep. Aspin also says Poland's Communist Party leader, Stanislaw Kania, faces opponents within his own party who would like to see a Soviet intervention sweep him from power.

On the military side, Rep. Aspin essentially argues that Moscow's "checklist" of preparations is longer than some other U.S. analysts believe.

Czechoslovakian intelligence officers trained in the Soviet system, Rep. Aspin reports, said it took six months of preparation to invade their country and insist that is the standard time. Measured from mid-July, when Polish labor unrest began, this would mean mid-January would be the start of the danger period.

Though Rep. Aspin did not say so publicly, it is known that one factor behind his analysis is the Soviet tendency to exercise its entire invasion force before using it. That process, some sources believe, is not yet completed.

There are more than two dozen Soviet divisions in six separate armies and on five different fronts surrounding Poland. Soviet officers have exercised each division and each army, and the overall Soviet commander has visited each of those major commands.

But in the case of Czechoslovakia, Soviet military leaders reportedly also had coordinated exercises of entire fronts before actually attacking. Since early December, and the initial public U.S. warnings, the Russians reportedly have begun exercising these entire fronts and are nearing completion of these various communications and readiness tests.

Rep. Aspin argues that an invasion after March would be tough because spring mud would bog down tank forces and also because of the peculiar Soviet style of mobilization.

Allen Says Meeting Crucial WASHINGTON (UPI) — Richard Allen, Ronald Reagan's national security adviser, says the upcoming Communist Party Congress in Moscow is likely to be a watershed in whether Soviet forces invade Poland.

Mr. Allen told ABC News Thursday night that what would move Soviet leaders at the February meeting to decide to invade would be "a fundamental threat to the institutional dominance of the Communist Party."

room and told the workers they were being paid too much for their 12-hour workday during the peak holiday season and that he was cutting their pay. The workers said they would work more for less pay and would staff the presses for eight hours instead of 12.

In this case, as in the case of outright work stoppages in other Czechoslovak enterprises, the local party organizations intervened swiftly to restore regular pay levels. Prague officials have also acknowledged strike actions to Western diplomats, but they have not been mentioned in the controlled newspapers.

The officials told a visiting correspondent that there were other special circumstances conditioning Prague's view of the Polish troubles.

There is the matter of a Polish minority, totaling 60,000, living along the frontier in the Czechoslovak towns of Ostrava and Tesin, where slight unrest occurred recently, an official said. There have also been problems created by Poles seeking to make up for shortages of food and other consumer goods at home by crossing into Czechoslovakia, where they clean out stores.

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That document was commemorated by the Husak leadership last week in a press commentary by Vasil Bilak, a party secretary who was Mr. Dubcek's chief opponent 12 years ago.

A high official, who requested that his name not be used and that he not be quoted directly, said the 10-year-old document would have been mentioned in the press anyway, even if there had been no crisis in Poland, because it was essential to the political course pursued by the Husak leadership.

But the official remarked that the Bilak commentary obviously had special significance, even though it made no direct reference to Poland, as a statement of Czechoslovakia's attitude.

Czechoslovakia could not, of course, interfere directly in the Polish crisis, the official continued, nor was it appropriate to make what he called a "mechanical comparison" between the situation in Czechoslovakia 13 years ago and the situation in Poland today. In 1968, it is noted, Czechoslovakia's workers stood aside while intellectuals and party leaders strove to create what one leading Communist of the day called "Socialism with a human face."

Poland's crisis, by contrast, the Czechoslovak official says, has been characterized by workers' protest actions. There has been some spillover from Poland's worker unrest in Czechoslovak factories during the last few months, the Prague official remarked.



Algerian envoys Rehda Malek, left, and Abdelkarim Gheriaeh, front right, arrive at the Tehran airport Friday with the latest U.S. proposals to resolve the hostage situation. The man beside Mr. Malek was not identified. The United States has given the Iranians until Jan. 16 to respond.

Algerians Give U.S. Proposals to Iran

(Continued from Page 1)

Western diplomats here said they believe that at some stage last month the Iranians drastically raised the demands to include the \$24 billion in guarantees and thus dashed hopes of a release by Christmas.

Exactly how this occurred and for what motives is still a mystery. U.S. officials said they think Iranian leaders are desperate for a solution to the hostage issue, and that the leaders regard it as irrelevant when the country faces more pressing problems, particularly the war with Iraq.

Referring to the war, which is now in its fourth month, Ayatollah Mohammed Beheshti, the head of Iran's Supreme Court, asked Friday why the armed forces had not launched their much-heralded offensive to drive Iraqis from the strips of border territories that they hold.

His comments at a prayer meeting at Tehran University were a veiled taunt against President Bani-Sadr, who has been saying for some weeks that the war is turning in Iran's favor.

Official communiques show the fighting is static and the level of combat light, partly because of winter rains.

Mr. Bani-Sadr has increased his national popularity through his frequent trips to the war front but faces the danger of a credibility problem if the stalemate continues.

AMMAN, Jordan — Jordan's official news agency claimed Friday that Syrian security forces massacred 200 people in the northern Syrian city of Aleppo for allegedly helping anti-government Moslem Brotherhood guerrillas. A Syrian official called the report "ridiculous."

The news agency quoted travelers arriving in Jordan from Syria as saying the mass execution took place in Aleppo's public square, Masharka, last week.

The agency said the victims of the "dreadful Masharka massacre" were shot after being rounded up by units from Syria's "special forces" and "defense regiments."

Both forces are headed by Col. Rifaat al-Assad, the younger brother of Syria's president, Hafez al-Assad, whose pro-Moscow Ba'ath Party has been the main target of Brotherhood attacks.

A senior Syrian official who asked not to be identified said in Damascus the Jordanian report was "so ridiculous that it is not even worth comment."

He contended the report was part of a Jordanian campaign "to spoil the reputation of our armed forces" and divert attention from Syrian military action in defense of Palestinian guerrilla bases in southern Lebanon.

Syrian jet fighters scrambled over southern Lebanon to intercept attacking Israeli warplanes Wednesday and two Syrian planes were shot down. Damascus claimed its fighters downed two Israeli planes, but Israel denied any losses.

UN Says Israeli Soldiers Blew Up Guerrilla Bodies

BEIRUT — A United Nations spokesman said Friday that Israeli soldiers killed five Palestinian guerrillas in south Lebanon and piled up the bodies and then blew them apart with explosives.

He said the Israelis later prevented the UN from removing the remains, then took them away in plastic bags. The spokesman for the UN peacekeeping force in Lebanon (Unifil) said the destruction of the bodies on Christmas Day was witnessed by a Dutch UN patrol.

An Israeli military spokesman said at the time that the guerrillas were killed after being spotted by an Israeli patrol which entered Lebanon in pursuit. He did not say how the bodies were disposed of.

The UN spokesman said in a statement that five "armed elements" — the UN term for Palestinian guerrillas — were killed in a clash with about 30 Israeli soldiers on Dec. 25 near the village of Shama, in an area under Unifil control, some 11 miles from the Israeli border.

The statement said: "A Dutch patrol which happened to be on the scene reported that the IDF [Israeli Defense Force] soldiers proceeded to search the bodies and then pile them up one on top of the other. After sprinkling them with an unidentified liquid, an explosive charge was put on top of the human pile. The device detonated as planned. A second charge went off 10 minutes later, after which the IDF patrol left the scene."

The spokesman said that UNIFIL asked the International Committee of the Red Cross to investigate the incident and to arrange for the removal of the bodies.

He said the Red Cross took no action, so Unifil sent a team to the area four days later to bury the remains. But it was prevented from carrying out this task by Israeli soldiers who fired warning shots before carrying off the remains in plastic bags, the spokesman said.

[In what could be a response to the charges, Israel television in an Arabic language program monitored in Beirut Friday said that it would show a film taken of a Palestinian guerrilla captured by the day the other five were killed. The television announcer said that the prisoner spoke of alleged collaboration between Palestinian guerrillas and United Nations forces in southern Lebanon.]

KOROR, Belau — The Palau Islands in the western Pacific, scene of bloody World War II battles, have become the world's newest independent nation.

The new year ushered in the establishment of the Republic of Belau composed of islands situated 500 miles east of the Philippines. For U.S. veterans of World War II, the islands hold memories of tough battles against the Japanese.

Formal independence paves the way for the removal by mid-1981 of a trusteeship agreement under which the United States has ruled the islands for 30 years.

The United States will continue to provide funds for the islands, with \$250 million earmarked over a period ending in 1995.

Jordan Says Syria Troops Execute 200

AMMAN, Jordan — Jordan's official news agency claimed Friday that Syrian security forces massacred 200 people in the northern Syrian city of Aleppo for allegedly helping anti-government Moslem Brotherhood guerrillas. A Syrian official called the report "ridiculous."

The news agency quoted travelers arriving in Jordan from Syria as saying the mass execution took place in Aleppo's public square, Masharka, last week.

The agency said the victims of the "dreadful Masharka massacre" were shot after being rounded up by units from Syria's "special forces" and "defense regiments."

Both forces are headed by Col. Rifaat al-Assad, the younger brother of Syria's president, Hafez al-Assad, whose pro-Moscow Ba'ath Party has been the main target of Brotherhood attacks.

A senior Syrian official who asked not to be identified said in Damascus the Jordanian report was "so ridiculous that it is not even worth comment."

He contended the report was part of a Jordanian campaign "to spoil the reputation of our armed forces" and divert attention from Syrian military action in defense of Palestinian guerrilla bases in southern Lebanon.

Syrian jet fighters scrambled over southern Lebanon to intercept attacking Israeli warplanes Wednesday and two Syrian planes were shot down. Damascus claimed its fighters downed two Israeli planes, but Israel denied any losses.

Jordan and Syria have been locked in a war of words over Syrian charges that Jordan's King Hussein allowed Brotherhood guerrillas to train on Jordanian territory for bombings and assassinations in Syria.

Syria deployed 50,000 troops and hundreds of tanks on the frontier with Jordan in late November. King Hussein denied he was aiding the Brotherhood and rushed 30,000 of his own soldiers to the border along with hundreds of tanks. Both sides withdrew their forces several weeks ago, but tensions persist.

Several months ago, the Syrian Parliament passed a law making membership in the Brotherhood a crime punishable by death. The army was called out to help crack down on the group and a Syrian armored division was stationed in Aleppo, 200 miles north of Damascus.

More than 60 Syrian military cadets were killed by Brotherhood guerrillas in Aleppo in the summer of 1979. They are among the 200 Assad supporters killed in Syria over the past two years.

Last Saturday, Darwish al-Zoumi, a member of Syria's ruling coalition, was assassinated in Damascus, and on Monday and Tuesday Syrian security forces stormed hideouts and killed eight members of the Brotherhood.

Japanese Premier's Visit Raise Fears of Violence in Indonesia

By Pamela G. Hollic
New York Times Service

JAKARTA — The coming visit of the Japanese premier is causing concern here about the possibility of violent demonstrations.

The fears arose following recent anti-Chinese rioting in central Java. Ethnic Chinese residents in this country have long been a target of Indonesian anger over economic frustrations, and since the Japanese represent an extension of alien economic influence, it is thought possible that Premier Zenko Suzuki's visit may touch off anti-Japanese outbreaks.

The 1974 visit of Premier Kakuei Tanaka of Japan set off two days of disorders in which 11 persons were killed, a large supermarket was burned and more than 800 people were arrested.

Security Not Disclosed The Japanese Embassy has not disclosed what security measures will be taken during Mr. Suzuki's three-day visit, beginning Jan. 10, during his tour of the five members of the Association of Southeast Asian Nations.

It seems to take very little to set off rioting in this country. Rumors about a 29-year-old Indonesian servant who died in the home of her Chinese employer led to rioting in several cities last April in which several hundred Chinese shops and houses were damaged.

And any illusions that anti-Chinese sentiment was under control were dashed last month when the son of a wealthy Chinese businessman reportedly got into a fight with an Indonesian student. Reports of the fight set off a three-day riot in the Chinese-dominated business district in Solo in central Java. The violence spread to the port of Semarang, and by Nov. 24 gangs surged through that city's shopping district, breaking the windows of Chinese-owned stores and burning factories and cars.

Indonesian troops were unable to stop the violence, which continued to spread, to Pekalongan and Kudus on the north coast of Java and to Magelang and Muntilan to the south.

Violence After Funeral The funeral of two youths shot during the rioting in Semarang was followed by two more days of violence. Eight persons were killed and more than 600 were arrested.

Because these riots spread so quickly, the Indonesian government is convinced that they were instigated by groups seeking to undermine the government of President Suharto. The Indonesian security chief, Admiral Sudomo, has called the rioting "the beginning of an effort to utilize the incidents for a political purpose."

Resentment against the Chinese dates back more than a century to the Dutch colonial government, which made an economic distinction between Indonesians and the Chinese. Wedged between the

Dutch and the Indonesians, the Chinese were the tax collectors, the money changers, the merchants. The lukewarm support given by the Chinese to the Indonesian nationalist movement added to their alienation.

The Javanese view the Chinese as the favorites of those in power. "They are seen as a league set on developing their own wealth to the exclusion of the Indonesian people," a political analyst said. "In fact, the anti-Chinese rioting is as much directed at the government and other foreigners as it is at the Chinese. That is what makes Suzuki's visit so delicate."

Trade Talks Indonesia has been trying to develop more trade with Japan. Talks during Mr. Suzuki's visit are expected to focus on mutual concerns including economic cooperation. There is also hope that some-

how the visit may help to ease tensions between Japanese and Indonesian businessmen. "Capital investment has been most without exception in the way direction in joint ventures with the Indonesian vice president, Adam Malik, recently told a group of 100 businessmen from ASEAN. "These and other items have to some extent unnecessary resentment Japanese business parties."

The "Japanese business" to whom Mr. Malik refers generally Chinese business many of whom, for their part, have taken Indonesian and represent themselves as Indonesian, since most have families that have been in Indonesia for generations. Half of Indonesia's 4 million Chinese are Indonesian citizens.

NAIROBI — Police hunted Friday for a man believed to be an A connection with the New Year's Eve bombing that killed 14 persons injured 100 in Nairobi's Norfolk Hotel. Hotel officials said the man been traced to a bomb planted in a room over the dining room guests were sitting down to eat.

Police originally said 16 were killed. But they said later that bodies had been counted twice. Some of the dead and injured Western tourists.

Sources said the man police were seeking checked into the hotel Maltese passport and paid for the room through New Year's Eve. He left the hotel the day before and never returned. The sources said he was believed to be an Arab. Other sources reported that he been visited in the room by a woman with a German accent. The time Liberation Organization, in a statement in Beirut, denied responsibility for the blast.

Their trial, set for Jan. 14, involves charges related to an incident January, 1979, in which Corsican separatists stormed a hotel on the island's capital, and took 15 persons hostage. A policeman and demonstrators were killed before the separatists were removed.

East Germans Balk on Railway Electric BERLIN — East German railways, the Reichsbahn, is refusing a \$5-million electricity bill to West Berlin after several months pique, informed sources said Friday.

The bill was run up by West Berlin's S-bahn urban system, c by the East Germans. They object to having to pay the 13 percent added tax and 3.5 percent coal-support tax included in the bill si revenue goes to the West German government, the sources said.

S-bahn trains run on electricity from East German generating s but the system's railway stations, workshops and signal boxes u Berlin power. The West Berlin authorities could not cut off Reic power without running the risk of starting a new Berlin crisis, the added.

Armenian Group Threatens Swiss Diplomat BEIRUT — An Armenian group threatened Friday to "attack a diplomats throughout the world" in reprisal for alleged mistreatment of the Swiss government of two Armenian guerrillas held in a Geneva.

In a communique distributed in Beirut, a group called the Ar Secret Army called on the Swiss to allow representatives of the C based International Red Cross, the International Organization f Rights and the London-based Amnesty International visit the Armenian prisoners, Alex Yenikomishian and Suzu Melseredjian, port on their condition.

Chinese Savor Their 'Iron Rice Bowl'

(Continued from Page 1)

supply them with what in the United States would be considered poor food items. When an American correspondent hired a driver, he was surprised that the driver began his employment by asking for an umbrella and thermos for the office.

"On a rainy day, I will bring my own umbrella from home," the driver said. "But after I get to the office, I should not be expected to have to use it."

The Chinese say these state-provided comforts help compensate for the low standard of living, the lack of individual choice in important decisions like education and jobs, and the frustrations of daily life, like the long waits in line to buy groceries or ride the crowded buses.

"If you are not overly ambitious and don't have any political troubles, life in China is pleasant, like living on a slow-moving conveyor belt," said a professor at a Peking university. "Everything is provided for you, you don't have to worry and there is little pressure to make you hurry."

Not long ago his daughter, who is in her mid-20s, went to Hong Kong on a visit. The professor was afraid that she might stay there, as thousands of Chinese do each year, attracted by the bright lights, the job opportunities and the much higher living standard. But she returned after two months.

The habit of the midday nap is so ingrained that a radio station in Hebei province earlier this year found it remarkable that Hua Guofeng, the Communist Party chairman, skipped his siesta during an inspection visit to Tangshan, the city devastated by an earthquake in 1976.

"After alighting from the train at 1:45 p.m., Comrade Hua Guofeng immediately took a bus to the residential area without a rest," a broadcast reported.

The custom grows out of the ancient and natural rhythms of peasant life — rising early to labor hard in the fields, then taking a break during the heat of the day.

But the surgeon suggested that the fondness of urban Chinese for the long nap may also help make up for the poor quality of their diet, which averages only about 2,100 calories a day. Moreover, perhaps 80 percent of these calories are derived from grains like rice and wheat, rather than meat or fish, the highest percentage of any country in Asia, some Western studies show.

This is not to say that the people are lazy; some construction workers and ranking officials still put in long days of intensive work. But the system makes it hard to hard.

At Peking University, for example, the library closes at 11:30 a.m. to 2 p.m. open again from 2 to 5 p.m. closed from 5 to 7:30 p.m. 1 ner. In the evenings, only thing room is open and student not check out books because staff has gone home.

Lights Out The library is also closed Thursday and Saturday after so the staff can attend p study sessions. Lights in tiversity's dormitories are turn at 11 p.m., and if students study late they have to go and sit under the dim street Last year, at Fudan Univer Shanghai, the administrative came concerned that this vterfering with the students and they turned off the lights.

In the past year or two, it ple have been finding a run new pleasures that were on bidden. Being bourgeois o dence. There are regular e of the People for people enough to be issued the nee green admission tickets.

On Sunday mornings at P Friendship Store, suppose served for foreigners. Chine tommers form a long quee television counter. If they t buy a television set at an o store they would need a specr of permission from their place, the proper ration cc and they would have to pa times the price.

It is a mystery how so Chinese manage to get insi Friendship Store, past the gr iformed guards from the M of Public Security. It can be bet the purchase of such a item makes it worthwhile.

A young writer recently l an official letter from his got a colleague to lend him t ice's seal and then showed t ter to the guards. When h eged triumphantly with his son set a few minutes later, f his friends were waiting out congratulate him and help h ry it home.

Next: Privileges of the class.

Anna Chennault On Peking Visit

PEKING — Anna Chennault, a member of the U.S. Republican Party finance committee and long a staunch backer of the Nationalist Chinese government on Taiwan, arrived in Peking on Friday on a visit.

Japan

K. Spy Had Access to Indo-Korean War Files

United Press International
LONDON — Top secret documents from the Korean War were given by a British diplomat to a Soviet spy, according to a report by the U.S. State Department. The documents, which were part of a collection of 100,000 pages, were given to the spy by a British diplomat in 1950. The documents were part of a collection of 100,000 pages, which were given to the spy by a British diplomat in 1950. The documents were part of a collection of 100,000 pages, which were given to the spy by a British diplomat in 1950.

NEWS
Seek Arab in Hotel
United Press International
London — A man believed to be the Arab bomber who killed two British soldiers in the Falkland Islands was being sought by British authorities. The man, who was believed to be the Arab bomber, was being sought by British authorities. The man, who was believed to be the Arab bomber, was being sought by British authorities.

U.S. Judge Forbids Indefinite Detention of Illegal Cuban Aliens as Security Risks
The Associated Press
PEKA, Kan. — Indefinite detention of Cuban refugees is illegal, a federal judge has ruled. The judge, who is a federal judge, has ruled that indefinite detention of Cuban refugees is illegal. The judge, who is a federal judge, has ruled that indefinite detention of Cuban refugees is illegal.

Threatens Swiss Diplomat
The Associated Press
Geneva — A Swiss diplomat has threatened to resign if the Swiss government does not take action against a group of extremists. The diplomat, who is a Swiss diplomat, has threatened to resign if the Swiss government does not take action against a group of extremists. The diplomat, who is a Swiss diplomat, has threatened to resign if the Swiss government does not take action against a group of extremists.

Iron Rice Bowl
The Associated Press
Washington — The U.S. State Department has announced that it will provide food aid to the people of North Vietnam. The State Department, which is the U.S. State Department, has announced that it will provide food aid to the people of North Vietnam. The State Department, which is the U.S. State Department, has announced that it will provide food aid to the people of North Vietnam.

Light on Cuba
The Associated Press
Washington — A report from a U.S. intelligence source has revealed that the Cuban government is planning to launch a new offensive against the U.S. The report, which is a U.S. intelligence source, has revealed that the Cuban government is planning to launch a new offensive against the U.S. The report, which is a U.S. intelligence source, has revealed that the Cuban government is planning to launch a new offensive against the U.S.

Political Ties
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Donald Maclean in 1951

already been cut to the bone," the paper said. "Recent studies indicate that our present defense plans for the Atlantic area might be rendered difficult, if not impossible, if the Middle East oil was not available in the event of a prolonged war."

The Cabinet documents also showed that Attlee's Labor government was deeply concerned by Washington reports that Truman was considering using the atom bomb against China in the Korean War. Attlee flew to Washington in 1950 for an urgent meeting with Truman.

But on Dec. 12, according to the documents, he reported to the British Cabinet that he was "entirely satisfied" with Truman's position.

Attlee said he found Truman "never had any intention of using the atom bomb in Korea and his remarks at a press conference had been misunderstood, for he had never intended to make any pronouncement on the bomb."

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U.S. Politicians Quietly Study Cuts in Social Security

By Edward Cowan

New York Times Service

WASHINGTON — A few members of Congress and a handful of aides are discussing ways to scale back the Social Security benefits to be paid in the future to people who are now working.

This politically sensitive topic is being quietly examined because, if the current method of financing is continued, Social Security is expected to incur large deficits, perhaps as early as the year 2010.

Those deficits are expected despite several scheduled increases in the payroll tax in addition to the increase that took effect Thursday. For 1981, the tax paid by employees and employers will be 6.65 percent on the first \$29,700 of earnings. In 1980 it was 6.13 percent on \$25,900.

The only way to cure the expected deficits is to reduce expenses — benefits, in this case — or raise more revenues, or both. Congress has been loathe to grasp this nettle of a problem because its members see little political profit in either alternative, and possibly much risk.

The financing problems that beset Social Security are usually divided into short-term and long-term ones. The long-term deficit is the more difficult but less urgent of the financing problems. This is time to deal with it, although there are not many years to waste.

Survivor Benefits

A more pressing if less difficult problem is finding additional money to pay old-age and survivor benefits in the 1980s. The old-age trust fund, which pays these benefits, could run out of money by the summer of 1982.

Old-age Security benefits are paid from three trust funds: the old-age and survivors fund, the disability fund and the insurance fund.

By law, revenues from the payroll tax, which is paid by employers, employees and self-employed persons, go into the trust funds. Benefits can be paid only from the funds, and if the funds are empty, benefits cannot be paid.

Congress thought it had cured the short-term financing problems by passing legislation in 1977 that mandated several increases in the tax rate and the taxable wage base.

Unforeseen problems have been caused by the economy. High unemployment has reduced the number of people paying taxes to the trust funds, and the acceleration in the inflation rate has driven up benefits. Old-age, survivor and disability benefits are increased each July by the percentage rise in the Consumer Price Index for the 12 months up to the preceding March. The cost-of-living increase last July was 14.3 percent.

Social Security specialists in the House and Senate would like the members to channel more money into the old-age trust fund in 1981. The most likely action would be the shifting of money from the disability benefits fund and possibly from the health insurance fund, which pays the hospital care part of Medicare.

The moving of money from one

fund to another has appealed to Congress because it does not require a tax increase or a reduction in benefits.

There is no consensus among either Democrats or Republicans on what to do, although virtually all members would oppose another tax increase.

The heart of the financing problem is that over the next 40 years the ratio of workers to retirees will decline from about 3.3 to 1 to about 2 to 1.

At the present tax rates the revenues paid into the old-age trust fund would be insufficient to pay for prospective benefits. "There are only two things to do," a Republican congressional aide said, "raise taxes or cut benefits."

Members of Congress see no political mileage in either course and some contend that the situation may be inflamed if the problem is discussed in such bold, politically unpalatable terms.

The problem, says Rep. Barber Conable, R-N.Y., is that "people come to Social Security with their

mouths open ready to yell rather than with their minds open ready to think." Rep. Conable is the ranking minority member of the House Ways and Means Committee, which handles Social Security.

An aide to Sen. Robert Dole, the Kansas Republican who will be the new chairman of the Senate Finance Committee, said the lawmakers must find ways to trim the benefits to be paid to future retirees because "people aren't willing to pay more taxes."

Things Were Simpler Then

Since it was enacted in 1935 as a simple program to provide benefits for retired workers, Social Security has become a multifaceted income-maintenance system that is intertwined with the lives of nearly all Americans.

Benefits are paid each month to 36-million retired workers and disabled workers, as well their spouses or survivors. In 1981, Social Security taxes will be paid by 107.8-million employees, 6-million

employers and 8.7-million self-employed people.

Social Security has become a substantial fraction of the federal budget. For fiscal 1981, which began Oct. 1, Social Security payments are expected to cost \$138 billion, or about 21 percent of the budget. Because the benefits increase automatically with the Consumer Price Index, Social Security expenditures have been rising faster than most other categories of federal spending.

One sign of the system's problems is the payroll tax increase that took effect Thursday. Under present law, the tax will increase several times by 1990, reaching 7.65 percent.

If the projected deficits are financed by the payroll tax in the same manner, the levy could rise to almost 15 percent by the year 2055, according to a worst-case projection by the actuaries at the Social Security headquarters in Baltimore.

A draft report by President-elect

Reagan's advisory group suggested that Social Security be made mandatory for new federal employees — all federal employees are now exempt — and that the formulas for calculating initial benefits and annual cost-of-living increases be changed.

Summary of Proposals

Following is a summary of the principal proposals for coming to grips with the long-term issues:

- Bringing the 1.9-million federal civilian employees under Social Security. Federal employees unions have expressed vehement opposition to this plan, and there is no countervailing force in favor.

- Partial or total financing of Medicare hospital bills from general tax revenues. The argument is that these benefits are unrelated to a worker's earnings and that there is no logical reason for financing them by the payroll tax.

- Partial financing of all benefits from general revenues.

Canada's Northwest Is Breeding Ground For Cold Air Masses That Stab Into U.S.

By Andrew H. Malcolm

New York Times Service

YELLOWKNIFE, Northwest Territories — North America's winter starts way up here.

And if present temperatures in these parts are any indication, the cold snap that hit much of the United States at the end of December is just the beginning of a long and very cold winter.

This week it was warmer here in the capital of Canada's Northwest Territories: the thermometer crept up to about 40 below zero. But that was still cold enough to knock out electric power in at least one major community, where water and sewage pipes and people began freezing within hours, and power linesmen spent the night shoveling up utility poles by the eerie glow of the Northern Lights.

Typically, these cold high pressure zones (U.S. weather forecasters always call them "cold Arctic air masses"), such as the one growing here now, squat over northern Canada for days, building pressures higher and higher and making temperatures go lower and lower. Rising up to 10 miles in the air, the bitter cold domes eventually collapse on themselves, squirting long streams of icy fingers and fronts toward the south and east.

There, they clash with warm southern air, igniting chains of storms that barrel in off the Great Lakes, newly laden with tons of warm moisture, to dump more than two inches of snow an hour at times on parts of the United States.

Giant Coffee Cup

Seen from above, these winter weather systems look like some giant continental coffee cup with white storms — some of them 150 miles long — swirling about like milk being stirred in. "Humans think on too small a scale," said Michael Newkirk, a government meteorologist. "We are talking [about] cold air masses spread over thousands of miles, dragging dozens of storms in their wake all over North America and even down into Florida."

The weather brewing here, 1,000 miles above the U.S. border, has many effects on life throughout the United States. It can keep warm fronts farther south. It can lead them farther north. They can do battle over the Great Lakes or Plains and paralyze the nation's transportation system. Or Canada's cold air can mass under an Atlantic Coast warm air mass, as it did in February, 1969, freeze the rain as it falls through the cold strata and bury New York City in a record-breaking blizzard.

The moving of money from one

"Canadians," Robert Morley, the British actor, once observed, "love to sit in the dark, trembling with fear at weather forecasts." But according to Mr. Newkirk, Canada is unfairly regarded as the birthplace of cold snaps with snow; Canada's northern air masses are actually too cold to carry snow. It is the United States' warmer air and moisture that temper the bitter cold and set off the big snowstorms there.

Canada's north, where average temperatures have begun to decline again after five decades of slight increases, is actually a desert, with most areas recording less than 10 inches of precipitation a year. There is less than five inches of snow here now; it comes in the fall and blows around for six months.

But with its vast, open spaces, its long nights free of blinding clouds, its minimal winter hours of warming sunlight and its snow-covered expanse to reflect back what little heat does filter down, Canada's Arctic region is an ideal breeding ground for cold weather systems.

No Place for Comforts

It is also less than ideal for humans accustomed to modern conveniences. Overnight, rubber tires are frozen flat on one side. Fuel oil bills can reach \$250 a month. Auto exhausts create frozen fog that hangs over highways for hours. Accident victims trapped outdoors have been frozen solid within hours.

Many Arctic veterans tell the temperature by chimney smoke. A straight plume is about 30 below. A slanted plume is closer to 40 below. A swirled plume means "forget it."

The plumes were swirling recently in Rae, an Indian community of 1,700 about 60 miles northwest of here. The Dogrib tribe was gathering for its annual year-end feast and weddings at 4 p.m. when the lights went out in one end of town. After five hours of work, electricity was restored — for a few minutes.

Then, with all the furnaces, Christmas lights, stoves and other appliances drawing too much power, the main transformer gave out. From the sky Rae was erased from the landscape. A visitor asked how long the power would be off. "Too long," said Dan Macdonald, an Arctic veteran.

By midnight, homes without wood stoves were chilled. Children, whose ancestors spent entire lifetimes living only in animal-skin tents, were huddling under blankets, some of them crying. The feast was postponed, but the food was put out on the tables — to freeze for safekeeping.

Hollywood Director Raoul Walsh Is Dead

(Continued from Page 1)

own circle of friends and acquaintances included William Randolph Hearst and Churchill. Friends said Mr. Walsh enjoyed being in the company of the great, but that he essentially remained unpretentious.

As a teen-ager, Mr. Walsh sailed to Cuba on a schooner owned by his uncle. He left the ship in Mexico and thereupon launched a self-taught career as a cowboy.

It was as a cowboy that Mr. Walsh entered show business. He was riding on a hotel porch in San Antonio, Texas, when he had been doing some cattle wrangling, when he was approached by the stage manager of a traveling drama, who needed a man to ride a horse on a treadmill in the show. Mr. Walsh took the job and also earned \$25-a-week extra by doing rope tricks in front of the theater to draw crowds.

He came to Hollywood in 1910, joining Biograph and Griffith, who not only used Mr. Walsh as an actor, but also launched him as a director.



Raoul Walsh

In 1913, Griffith assigned Mr. Walsh to find bandit-ho Pancho Villa in Mexico and convince him to star in "The Life of Villa." Mr. Walsh wrote the script as he journeyed south to Mexico. He found

and directed the film. His directing career was launched. Douglas Fairbanks Sr. hired him in 1924 to direct "The Thief of Baghdad," which Fairbanks starred in.

Mr. Walsh's action-oriented movies were generally box office successes. He did not go in for complicated theme pictures or for gentle sentimentality. His "White Heat" (1949) has become a cult film and is widely regarded as the last and greatest of the traditional gangster films, critic Champlin noted.

Mr. Walsh lost an eye in 1929 in an accident while driving to the location for "In Old Arizona," the first talking Western shot away from the studios. In recent years, he lost the sight of his remaining eye.

"The light in the other orb has faded," he told a caller afterward. "But I can still sit on my porch and enjoy the bird calls and the aroma of the flowers and detect the footprints of the approaching IRS agents."

Obituaries

Hephzibah Menuhin Hauser, 60, Pianist

United Press International

LONDON — Hephzibah Menuhin Hauser, 60, the pianist sister of violinist Yehudi Menuhin and an early collaborator in their musical careers, has died after a long illness, her family announced.

Like her brother, Hephzibah showed early musical brilliance and before she reached her teens they appeared together in violin and piano recitals.

In his 1977 autobiography, "Unfinished Journey," Mr. Menuhin said when they started to perform together, their closeness as children "matured into music and revealed that we had a Siamese soul."

Their first records in 1932, when she was 12 and Yehudi 16, won the national Prix du Disque in France. This was followed by performances in New York's Town Hall, the Salle Pleyel of Paris and Queen's Hall in London.

Like Yehudi, she had little early formal schooling. Yehudi once recalled that his sister spent only five days at a San Francisco school where she was classified as educationally backward.

Hephzibah was born in San Francisco in 1920 where the Menuhin parents moved after the birth of Yehudi in New York City in 1916.

trated on social work. In the late 1960s, she and her husband, sociologist Richard Hauser, who directs the Institute for Social Research and Center for Human Rights, set up a home for deprived people and families in the depressed London dockland area of Bethnal Green.

In 1977 she was made president of the Women's International League for Peace and Freedom.

A native of North Manchester, Ind., Mr. Steele attended public schools in Rockaway, N.J., and graduated from Middlebury College in Vermont and Columbia University.

Walter Vella

BANGKOK (UPI) — Walter Vella, 56, an expert on Southeast Asian history, was knocked down

and killed by a bus here this week, U.S. Embassy officials reported Friday.

Dr. Vella, a professor of Southeast Asian studies at the University of Hawaii, was in Thailand to receive an award from Crown Prince Vajiralongkorn for his contribution to Thai literature. One of Dr. Vella's many books about Thailand was "Chai Yo," a history of the reign of King Rama VI.

He became the territory's first premier when the South Pacific Islands were granted self-government in 1965. Mr. Henry led his third wife, Zainab, and some of the 65 hostages held captive by the fundamentalist sect for more than a week before government troops smashed the rebellion on Sunday, the agency reported.

Press reports on the number of deaths in the rioting ranged from around 100 to 1,000 in the absence of official figures.

Moslem Leader In Nigeria Riots Reported Dead

The Associated Press

LAGOS — The leader of the Moslem riots in the northern city of Kano is dead, the Nigerian news agency reported.

It said Wednesday that the body of Mohammed Marwa, also known as Maitatsine, was found in a shallow grave 7 miles outside Kano.

His body was identified by his third wife, Zainab, and some of the 65 hostages held captive by the fundamentalist sect for more than a week before government troops smashed the rebellion on Sunday, the agency reported.

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Kissinger Predicts Reagan Action To Curb Russia in Horn of Africa

United Press International

MOGADISHU, Somalia — Former Secretary of State Henry Kissinger held talks with President Mohammed Siad Barre and indicated the Reagan administration would act energetically to end President Carter had to curb Soviet advances in the Horn of Africa, the Somali news agency said Friday.

Mr. Kissinger then returned to Egypt to continue his unofficial diplomatic shuttle. He goes to Israel on Saturday.

Diplomatic sources in Egypt said the visit to Somalia, aimed at underscoring U.S. concern over Soviet moves in the Indian Ocean, was suggested by President Anwar Sadat. Mr. Kissinger interrupted his Middle East itinerary to fly to Somalia from Egypt on Thursday.

Somalia has agreed to provide military facilities to the United States in exchange for military aid. But Congress, during Mr. Carter's term, appeared reluctant to implement the accord as long as Somali troops were fighting Soviet-backed Ethiopian troops in Ethiopia's contested Ogaden region.

known each other for many years" and "see each other socially." Asked if he would call them friends, the spokesman replied, "Yes."

The friendship goes back more than 20 years, when both were in the entertainment world. In 1970, Mr. Sinatra abandoned his long ties to the Democratic Party to endorse Mr. Reagan over Jesse Unruh in Mr. Reagan's second campaign for the California governorship, which he won easily.

In his forthcoming book, published by Times Books, Mr. Sinatra ascribes to Mr. Frattino allegations that Mr. Sinatra has maintained personal and business relations with members of the Mafia going back more than 35 years.

Mr. Frattino is said to assert that Mr. Sinatra served as a front for Giancana and the Chicago crime family in the ownership of a Lake Tahoe casino, the Cal-Neva Lodge, while Giancana was prohibited by law from having an interest in or even being present inside a Nevada gambling casino.

Giancana's presence at the lodge in a celebrated incident caused Mr. Sinatra to lose his license in 1963 for part ownership of the lodge and the Sands Hotel in Las Vegas. Mr. Sinatra has always denied that Giancana had a hidden ownership in the properties. Records of the Nevada gaming board describe the alleged visit to Mr. Sinatra by Giancana.

The board's complaint against Mr. Sinatra said in part, "Frank Sinatra has for a number of years maintained and continued social association with Sam Giancana, well knowing his unsavory and notorious reputation."

Mr. Sinatra elected to defend his decision to allow Giancana to stay at the hotel, and he spoke to the board chairman, the late Ed Olsen, in "vile, impudent, obscene and indecent language," the complaint said.

According to the accounts, Mr. Sinatra has been friendly with such alleged members of organized crime as Giancana, who was murdered five years ago; Joseph Fischetti of Miami, a cousin of the late Al Capone; Quincio Moretti and Angelo DeCarlo of New Jersey; Eugene Ciminelli of Chicago; Louis Facelli and the late Carlo Gambino of New York. Mr. Sinatra was also friendly with Sidney Korschak, a Beverly Hills lawyer

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No Fanfare, No Economics?

The new Reagan administration won't issue a stirring declaration of economic emergency, and in a way it's a shame. We like the idea, put forth by Congressmen Jack Kemp and David Stockman, the budget director-designate. Loud, certain trumpets would be a sure way to attract the nation's attention and help the new president win economic credibility. But if they are to call the public to battle, trumpets must have music to play.

So in that sense, Mr. Reagan is right to put off any declaration of emergency. There would be no point in it if he and his advisers have no clear economic policy to propose. Without that, fanfares can only frighten a public already much troubled by the economy. For all the campaign talk about economic policy, the Reagan forces apparently have not yet come up with one worth trumpets.

It was easy on the stump to attack the luckless economics of the Carter administration. It is proving a more difficult and humbling task to put together an effective program of Reaganomics.

The president-elect is being lobbied by competing conservative wings. The first group, led by Rep. Kemp and Lewis Lehrman, an influential New York businessman, are the ardent supply-siders. They want Mr. Reagan to cut taxes first and foremost; to

hold tight on monetary policy second; and to reduce spending and ease costly environmental and safety regulations.

More traditional conservatives, such as crusty Arthur Burns, the former Federal Reserve chairman, and Donald Regan, the treasury secretary-designate, urge the president-elect to put his greatest effort into cutting spending to hold down the size of the federal deficit and to defuse inflationary expectations.

Considering the severity of inflation, the traditionalists have the better side of the debate. Reagan ought to be wary of committing the United States now to a general income tax cut for the next three years, per the Kemp-Roth proposal. And not even the traditionalists are prescribing another necessary ingredient of any serious anti-inflation effort: an incomes policy, to try to hold down excessive wage and price increases while longer-term policies take hold.

With three weeks left till inauguration, the Reagan administration has no grand economic scheme, only some vague plans to cut the growth of federal spending, cut taxes and prune regulations. It sounds less and less like trumpets and more and more like the second Carter administration.

THE NEW YORK TIMES.

First Decisions for Reagan

Events are not going to leave the Reagan administration much time for debate and study of economic policy. The questions rolling toward it are going to be settled fast, one way or the other — if not deliberately by the new administration, then by default. Within a matter of weeks, policy will be fixed on a course difficult to change. President-elect Reagan and his advisers are currently preoccupied with recruiting personnel. But they will need, at the moment they step into the White House, answers to three particularly urgent questions.

The first will probably be Chrysler, and the Reagan administration's position on aid to the automobile industry. Chrysler desperately needs another \$400 million in federally guaranteed loans. But federal approval will be contingent on further concessions by the United Auto Workers, requiring renegotiation of the existing contract. That takes time. Both the company and the union are anxious to get these loans approved before Inauguration Day, but that may not be possible. If not, Mr. Reagan's first substantial decision, as president, will be the survival of the Chrysler Corp. Even if this round of loans can be completed before Mr. Reagan arrives, the next application cannot be far behind.

The second question will probably concern oil stocks. The industrial countries have exercised great restraint during the past three months, and that's why the war between Iran and Iraq has not caused another wild leap in oil prices. But that restraint has required, among other things, drawing oil stocks down rapidly in the industrial countries. The war is apparently going to go on indefinitely, and

sometime soon, perhaps around late January, the oil companies — and the industrial countries' governments — will have to decide whether to continue this rapid drain of their stocks. The alternative is to start bidding against each other for foreign supplies.

Mr. Reagan would be wise to lift all gasoline and crude oil price controls immediately, on the day he takes office. Beyond that, his administration will need to keep working closely with the companies and with other governments — pursuing an actively interventionist policy — to avoid panic. If the companies, and foreign governments, begin to think that Mr. Reagan is merely going to leave it all to the market, the market will respond as it did in 1979, when prices doubled. One immediate victim would be Mr. Reagan's own hopes for declining inflation and better economic growth.

The third of these questions concerns interest rates, driven to extraordinary levels by fears of higher inflation ahead. The lenders and borrowers who make up the financial markets believe that Mr. Reagan will cut taxes, but they do not believe that he will actually do much about spending. The most influential forecasts in the financial world all assume a federal deficit in 1981 as large as that in 1980. They foresee little or no improvement in inflation. If the Reagan administration can't act quickly to change that atmosphere, the prospect for low and stable interest rates will remain poor — with sober implications for employment, not to mention oil prices and the future of Chrysler.

THE WASHINGTON POST.

International Opinion

Community in Disarray

Greece's accession to the European Community, which took place Thursday, will be welcomed by all pro-Europeans. Ironically enough, it may be welcomed even more by those anti-Europeans who believe that enlargement will inevitably lead to the fragmentation of the Community. Their belief is not that Greece, with its relatively small industrial and agricultural base, will of itself cause this, but that it is part of a process which, when extended to Spain, Portugal and even Turkey, will create a Community with interests so diverse that it will no longer hold together.

The original common impetus of the Community, principally born of the 1939-45 war, is dying out. Greece joins a Community in disarray for which the final choice is whether to strengthen into political federation or to retreat into loose trade agreements. At the moment the latter outcome looks the more likely — unless the course of world events should impel a renewed sense of European fervor.

— From the Daily Telegraph (London).

Not-So-Happy Polish New Year

The Polish president's New Year message is that the situation in his country is likely to get worse. He is certainly right. The fact that the threat of Soviet intervention appears to have receded for the moment does not mean that anything has been solved. It means only that the Poles have been given time to tackle

their problems within the still ill-defined limits of Soviet tolerance.

The gravity of these problems is emphasized by having the president deliver the message. Normally the party leader speaks at the turn of the year but the party's authority is now too diminished for the task.

The party is divided at all levels. Among the rank and file of the party there is seething restlessness... Pressures are building up within the new unions for faster and more radical action.

Steering a course amid all these conflicts is going to be a formidably difficult task for Poland over the coming months. It will not be made any easier by the catastrophic state of the economy.

— From The Times (London).

Difficult Balancing Act

It is natural for both Americans and their allies to hope that with new men in Washington 1981 will see them off to a new and more promising start. Yet the world situation which Mr. Reagan will inherit is deteriorating in various crucial respects.

Meanwhile, the NATO countries are finding it hard to combine spending the extra money on arms needed for restoring the military balance with the Communist bloc with the economic restraint required for the conquest of inflation. These problems will test the leadership qualities of America's new rulers to the full.

— From the Daily Mail (London).

In the International Edition

Seventy-Five Years Ago

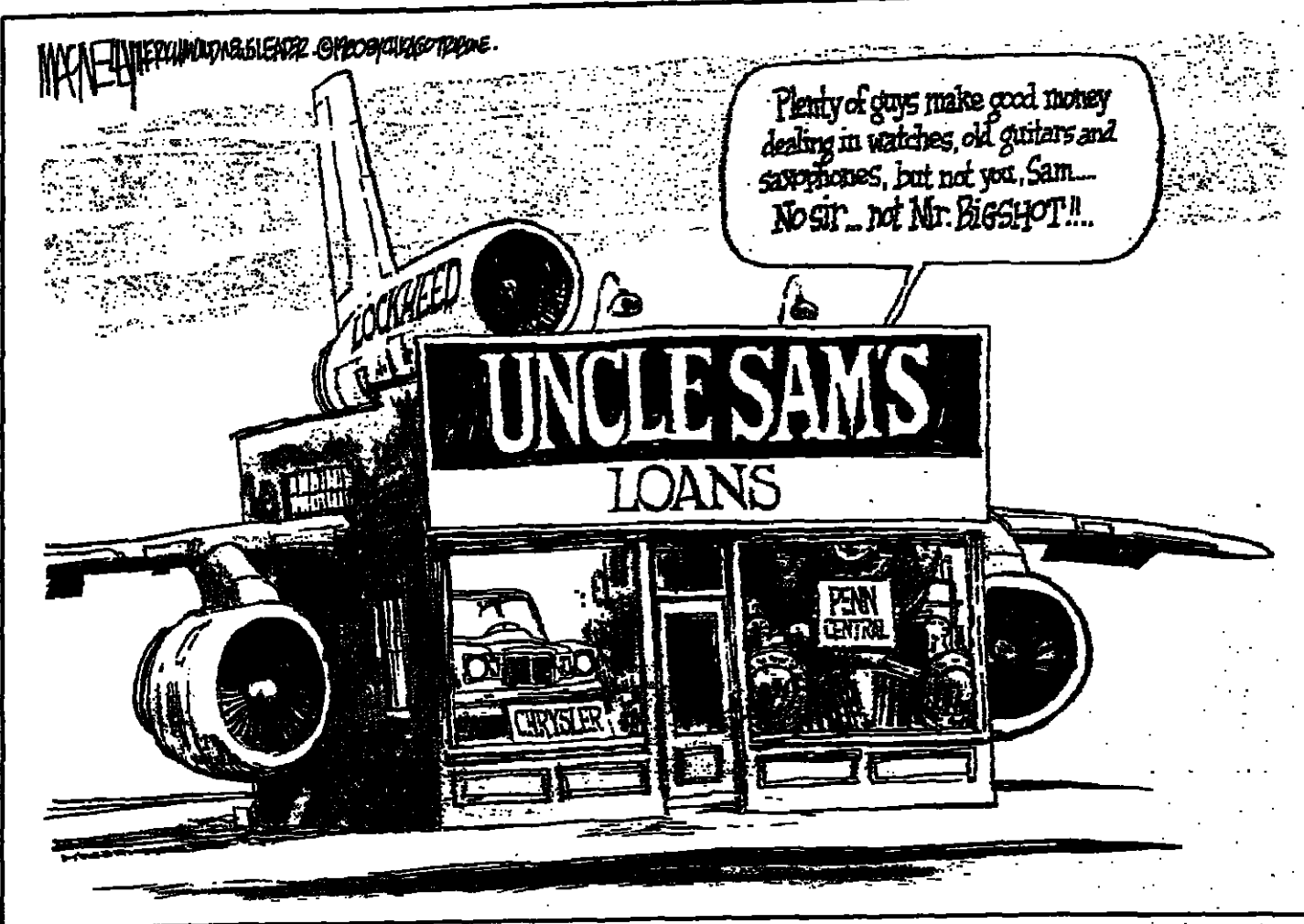
January 3, 1906

MOSCOW — All is quiet in the city and prices on the bourse have been very firm, despite the revolutionists' threats to continue their struggle. It is still impossible to obtain a reliable estimate of the casualties that occurred during the recent riots, which probably totaled around 3,000. One of the strike leaders claims that the principal holidays of the year are approaching and that the people of Russia are intensely keen on having money to expend during these holidays. Therefore the executive committee of the Workmen's Alliance ordered the Moscow rioters to resume work. This explanation would seem to signify simply that the Moscow workmen found striking and rioting did not "pay."

Fifty Years Ago

January 3, 1931

PANAMA CITY — With surprising swiftness a tatterdemalion army early today overthrew the Panama government, taking President Florencio Harmodio Arosemena captive and announcing a provisional government under Dr. Harmodio Adia, prominent Panama lawyer. Nine persons are known to have been killed in street fighting including eight police and Hartwell Ayers, New York Sun correspondent, who received wounds in the back, hip and abdomen during the fracas in front of the presidential palace. While unrest from political and economic causes has been evident in Panama for some time, there was nothing to indicate that the country would be plunged into revolution with such suddenness.



Food and the Hungry: Revamping Aid

By Jonathan Power

LONDON — Orville Freeman, a former U.S. agriculture secretary, started a private seminar in Ottawa the other day by saying he thought there was a strong possibility of world grain prices "doubling or tripling in the next twelve months."

John Block, President-elect Reagan's nominee for agriculture, argued last week that a tightening food market gave the United States its "greatest weapon" because an increasing number of countries are becoming dependent on U.S. food.

The vast majority of those who follow the grain trade and its gyrations are aware that 1981, if harvests are poor, could be the year when food shortages, malnutrition and even famine become widespread.

Food Chain

Food stocks have now fallen to their lowest level since the bleak years of 1974-75, when food prices rose as fast as the suddenly rising price of oil. Then millions of people found food priced out of their reach and hundreds of thousands died from hunger and malnutrition.

The United Nations Food and Agriculture Organization works on the rule of thumb that if cereal stocks fall below 13 percent of world consumption, the food chain starts to break. Shortages appear, the market goes haywire and distribution breaks down.

Although the world is at an apparently comfortable 17 percent, stocks are falling fast. Following the present trend, they will be down to around the 13-percent mark by the early summer.

The negative, self-serving response to this state of affairs would be for the food-rich countries to turn the situation to narrow political advantage. The positive response would be to decide that reform of the international grain system is long overdue and that when hunger is at stake, one doesn't play politics.

There are at least two things the world community quickly needs to sort out before the next food squeeze. First, it needs to re-target its food aid exclusively to the hungry. Second, it needs to establish a world food stock to be released on the commercial market in times of shortage.

Sri Lankan Model

Food aid is justifiably coming under wide attack at the moment. The UN World Food Council observed in a recent report, "Only one-third of food aid is specifically earmarked to feed the malnourished. The rest is sold commercially and its impact on the hungry is hard to track."

Robert Chase, deputy director of the U.S. Food for Peace program, asked to comment on this type of criticism, said: "It is not our intention that our food should go to the poor. Essentially the food goes into the pool of food re-

sources in the commercial market in the [recipient] country. It is neither feasible nor, in our judgment, necessary to track that food."

This is a disturbing state of affairs. What is needed is a revamped program of food aid on the Sri Lankan model, directly targeted at the hungry. Since the 1930s, Sri Lanka has had a weekly rice ration to heads of families, adding other foods in more recent times. For a period everyone benefited from this program, but since the mid-1970s the food subsidies have been limited to the very poor.

By dint of perseverance, Sri Lanka, although one of the world's poorest countries, has had higher levels of nutrition and longevity than richer developing countries such as Brazil, South Korea or Malaysia. Moreover, according to World Bank analyses, the program has not been a significant disincentive to local farmers.

Second, an international food-grain contingency reserve of 12 million tons would help even out the wilder fluctuations of prices in the international grain markets. This was decided upon at the UN World Food Conference in 1974 but has been lost in a political haggling process ever since.

The recent decision of the Carter administration to set aside 4 million tons of wheat it had bought up from the farmers in the wake of its Soviet grain embargo is not, despite some reports to the contrary, a contribution to such a reserve stock. It is more likely to be used to fulfill U.S. commitments to food aid.

Farmer Reserves

An earlier Carter administration decision to encourage farmer-owned reserves, although a step in the right direction, still does not match the size of the problem. It is in principle an ideal way of uniting the interests of prosperous farmers with the needs of the developing countries, because it pays individual farmers to hold reserves for the international community. In practice, however, it is wanting. To be truly effective, it would need to take in 45 million tons of grain a year, rather than the present 20 million.

If this were done, this would make an important contribution to building what the jargon calls "an internationally coordinated, but nationally controlled reserve." It would give a fillip to the discus-

sions now being conducted by the International Wheat Council to find a way to unite the diverse interests of the food importers and food exporters in the management of a global food reserve.

There have been many hitches in the last seven years of discussion on the subject. Sometimes they were caused by the Europeans, sometimes by the North Americans. Recently, the hitch has been the attitude of the developing countries who have argued that stocks should be released on to the world market at prices lower than the major producers are prepared to accept.

A possible shortcut through this jungle is to reform food aid. If the poor were actually receiving the food aid that the naive Western public has presumed they were getting all along, then the price level at which the reserves would be released ought not to be such a significant issue.

With a world food stock to take care of the extreme oscillations in the market and with food aid providing a safety net for the very poor, then hunger and malnutrition would be a step nearer to banishment.

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Loyalty and Ultimate Values

By Anthony Lewis

That failed, Gen. Haig told Mr. Richardson's deputy, William Ruckelshaus, that his commander-in-chief had given him an order to fire Mr. Cox.

In those days, most Americans thought Mr. Richardson and Mr. Ruckelshaus were right to quit rather than carry out orders that, whatever their legality, were manifestly designed to cover up misconduct. If Gen. Haig's efforts had prevailed, if Mr. Cox and his investigation had been suppressed with relatively little fuss, the cover-up would very likely have worked.

Perhaps Norman Podhoretz, with the zeal of the conservative convert, regretted the fuss even then. In any event, he tells us now that loyalty to a superior was more important than concern about official crimes.

Watergate illuminated a good many things in U.S. national life: the danger of secrecy, the opportunities for abuse of power in the White House, the importance of character in office. But one of its central teachings was surely that officials in the United States ultimately owe a deeper loyalty to the Constitution than to any president.

And it is not only a point for the United States, not by any means. Other societies have found in searching experience that safety and humanity require those who hold office to put some principles ahead of loyalty to superior orders.

After the Nazi years, legal philosophers pondered what German judges should have done. Should they have enforced what bore the superficial indicia of "laws" — legal language, passage by the legislature — but were in fact bestial affronts to the very idea of law in a civilized society? Could they be judges and carry out such laws? Could they be judges and refuse to do so?

Hard Questions

Those are hard questions. In an organized society everyone who holds office is not at liberty to decide for himself what commands he will carry out. Order has its claims. But there are limits. Loyalty to one's superior is not the ultimate value. And that, at least, the

United States should have learned from Watergate.

Of course Alexander Haig is a military man, even though he was nominally a civilian as Mr. Nixon's chief of staff; and the faithful execution of orders is a quality more highly prized in military life. But that only raises a basic question about President-elect Reagan's choice for his secretary of state. Is it wise for the world and for us, to have in that office a man whose every atom is military?

Mr. Podhoretz, questioning the good faith of Gen. Haig's critics, suggested that their talk of Watergate — or of his role in intensifying the war in Indochina — was just a cover. They really opposed Gen. Haig as secretary of state, he argued, "because they disagree with his ideas about the Soviet Union." That is, Gen. Haig is alive to the dangers of growing Soviet military power and determined to replace détente with "a policy involving reciprocity and strength."

Was Gen. Haig, then, the only possible Reagan secretary of state who would be known for a deep concern about Soviet power? Of course not. Would Gen. Haig's critics have reacted as adversely to other choices? I know I would not. The idea that Gen. Haig's views on the Soviet Union underlie the criticism of him would in fact be comic in its preposterousness if there were not a nastier element in it.

Several far-right commentators have sounded the theme that critics really object to Gen. Haig's firm Soviet line. In their charge I hear echoes of the old refrain "soft on Communism." One or two have even warned senators that opposition to Gen. Haig may arouse a public backlash. They come close to suggesting that opposing Alexander Haig for secretary of state is unpatriotic.

The conspiracy theorists would do better to consider the possibility that some people still take the lessons of Watergate seriously. The notion that a military figure deeply involved in the defense and pardon of Richard Nixon is beyond question as a choice for secretary of state is insulting to Ronald Reagan and to the country.

©1980, The New York Times.

Chinese Mystery Wrapper

By Flora Lewis

PARIS — China has long evoked a sense of awe, of fascination in the West, as the place where everything seems to be different. There is a holdover from the childhood memory of being told that if you keep digging you can tunnel deep enough, you come out in China on the other side of the world.

But now, after the Peking trial, it seems more like the other side of the moon seen by astronauts, simply hidden from normal view by subject to all the same laws of physics and human nature.

The one surprising aspect of the "Gang of Four" trials was how little they added to our knowledge of the inner workings of the People's Republic under Chairman Mao. Clearly, the quarrels and feuds which have been raging inside Chinese leadership since the revolution have not yet subsided.

The new line of de-Maoization and that it is whatever Peking is, is groping cautiously for equilibrium of power structure, policy in an attempt to end the instability that has ravaged the country for centuries.

The way the trials were conducted, without any real revelations on the record, it is hard to see if they may have contributed to a purpose. Still, they showed one thing: the confusion was what we may have guessed all along — the torture and the usual human sluttiness.

After all, the secret sense of totalitarian regimes turns out to be, to hide what might be understood only too well if it is admitted. In a similar case Winston Churchill got it backwards when he described Russia "a riddle wrapped in a mystery inside an enigma." It's the other around. Inside is the insight that is expected, and the mystery wrapper is to conceal the fact that, really, isn't much a mystery.

That in itself is an important contribution to the effort to understand these closed societies; theme turns out to be the story of intrigue, deviousness, and megalomania — a lot of forbidden courts — F. time, Byzantine or Oriental.

The difference is in the which overwhelms in China the truly perplexing question how such rulers manage to rule and fool so many poor so long. Other despots in a rational answer to that also, in the human need to rationalize, hope what all else to fail. Anarchy, war and drive people at a certain point submit to practically anything promises some relief.

Czech dissident Rudolf Slansky of the Communist leadership was hanged after a spectacular purge trial, has a provocative theory about why Soviet rule isn't in a true conviction that are improving their society a world, and it isn't even only serve their own power, he since mortality obliges them to hand it on sooner or later.

Rather, Mr. Slansky thought that it is because revolutions are more acutely aware of the one of the monstrous horror and are determined to let it happen to their tries again. They are fearful even a timid opposition.

The opposite seemed to be Mao and his widow Jiang who won a certain perverse ration in defending herself sisting that what was done right all along, however it hurt. They acted on the the revolution is so exhilarating energizing that it must never, lowered to stop. Either way, case of riding a tiger.

For the rest of us, the m of the Peking trials then is i that the powerful continue rect themselves by eliminating rivals and exacting revenge that the system isn't so solid shell of secrecy made it see core isn't a monolith; it with fear and ambition.

Sometimes the experts fe intently on what is outwarc ble that they lose sight of tials. It was only a couple c ago that one of the most re U.S. China scholars assur dents that there was no f power in Peking, only plication of inscrutable "justice."

Even though few details last 30 years have yet e China's tribulations look more scrutable now. With slightest pretension to exp think we'll manage unders better if we remove the vel our own dazed eyes, look f and analyze them in the i history, geography, culture way people have to live, would anywhere else.

Besides, the real Chinese is a lot more interesting i ritual shadow play.

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INTERNATIONAL **Herald Tribune**

Published with The New York Times and The Washington Post

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Restaurant review

New Wave Californian Cuisine: A Marriage of Many and a Mime of None

by Patricia Wells

SAN FRANCISCO — Nowhere in America is the spirit of culinary adventure more pronounced than in California. This is, of course, the land of gastronomic abundance, the state that grows much of the nation's fresh fruits and vegetables; fills its tables with hearty Zinfandel and clean white Chardonnay; and harvests fresh salmon, crab, oysters and abalone from nearby waters.

Responding to this bounty, there is a new breed of Californians — found in restaurants and homes, food boutiques and cooking schools — independently working to develop a distinct cuisine to call their own.

This rapidly emerging cooking style is a marriage of many cuisines and a mime of none. It takes its lead from the French, both classic and nouvelle, and it borrows heavily from the generously spiced Mexican cuisine. It is influenced by the oriental presence in California, both Chinese and Japanese, and it shares with good, vegetable cooking a respect for the earth and an understanding that healthy food doesn't just mean "health food."

But above all, the cuisine generates an excitement about food, a sense of experimentation, plus an uncompromising concern for good food and good dining, that seems to have been lost in much of America, where fast food, fake French and feta bar spinach salads are about as haute as many nights get.

In sampling California cuisine, one is likely to find an absence of red meat, an accent on game birds such as quail and quail, and to sample such new, yet native, combinations as a creamy artichoke soup sprinkled with hazelnut, a walnut vinaigrette with a touch of fresh ginger, well served with a California prime cut of beef, or tiny lady apples poached in rum.

The new wave California cuisine is perhaps best personified by a little Berkeley restaurant, Chez Panisse (1517 Shattuck Ave., tel. 845-5522). Here, in a converted two-story house, the food is the California cuisine, and the chef, Alice Waters, is the California cuisine.

There is the San Francisco bay, plump-breasted California pigeon grilled over mesquite wood charcoal, as well as homemade fettuccine sauced with a delicate blend of fresh cream and goat cheese.

California peaches share the plate with domestic produce, and bright red beets become the background for a salad dressed with chunky capers and a garlicky, parsley vinaigrette. Here, the all-American pecan pie is reincarnated with a European flair — the rich nut filling is made with California almonds and the pastry is strictly French and light.

Chez Panisse is actually two restaurants: a newly opened cafe, which serves delicious, unusual salads, soups, pizzas and a quartet of daily specials; and a more formal main floor dining room, where the inventive four-course table d'hôte menu changes daily.

The informal cafe is simply and sparsely decorated. The walls are white, and light-colored wood booths give the room a rough-around-the-edges quality. The atmosphere is cozy and relaxed, with diners warmed from the wood-burning pizza oven in the center of the long and narrow upstairs dining room.

If the cafe served nothing but pizza, Chez Panisse would still be worth a visit. Their delicate pie made with chamois redness, the word pizza, it arrives thick-crusted and fresh from the oven, as a refined mélange of fresh wild mushrooms and gourmet Parmesan cheese. The crust is a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The restaurant's chef, Alice Waters, is a pioneer in the new wave California cuisine. She has a penchant for goat cheese, and does justice to the slightly tart, full-flavored cheese in a brilliant idea, yet on the evening we sampled it, there was too much fresh goat cheese for the tiny plate, and it was a bit overpowering. The once delicate pasta turned into a sticky mass.

The cafe serves sweet and savory fresh bread, and the upstairs dining room is a more formal space, with a more refined and more elegant atmosphere. The upstairs dining room is a more formal space, with a more refined and more elegant atmosphere.

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ties, and less briny and full-flavored than French, but are equally appealing. Daily specials are disappointing. The *pollo rustico*, a mixture of chicken, sausage, onions, potatoes and hot peppers, was a bland and undistinguished stew, and the polenta, sauced with wild porcini mushrooms and Madras, made no statement at all. Once served, the sauce chilled quickly and formed an unappetizing skin.

But desserts are well above the quality of any American restaurant that bills itself as a cafe. The chocolate cake with *crème chantilly* could not have been fresher or fluffier, and the almond tart is the kind of dessert that will do much to spread the good name of California cuisine.

The main dining room is distinctly more formal, with a \$25 fixed-price menu served Tuesday through Saturday. Reservations must be made at least a week in advance and diners must select from a small but refreshing list of California vintages or can bring their own wine for a \$5.50 corkage fee. The small dining room, also stark white, is decorated with the same mix of wooden booths and art deco figures as the cafe, and makes a noncommittal, yet comfortable backdrop for the main event — the food.

The menu we sampled was imaginative and well balanced, starting with a salad of fresh wild mushrooms and gourmet Parmesan cheese, followed by a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The second course, fresh pasta sautéed with cream, was equally lovely to look at, but better in flavor. The crab was too light and delicate a partner for the sautéed pasta.

But the pièce de résistance was the third course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

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The twelfth course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The thirteenth course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The fourteenth course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The fifteenth course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The sixteenth course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The seventeenth course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

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The nineteenth course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The twentieth course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The twenty-first course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The twenty-second course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The twenty-third course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The twenty-fourth course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The twenty-fifth course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The twenty-sixth course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The twenty-seventh course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The twenty-eighth course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The twenty-ninth course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.

The thirtieth course, a delicate, golden-brown crust, and the filling is a mixture of fresh mushrooms, artichokes and herbs, arriving at the table as a masterpiece of flavor and texture.



At Greens the crowd is a mix.

did Chez Panisse's raspberry sorbet, which tastes more like raspberries than raspberries.

Ask California food buffs where to go next and they'll say Greens (Building A, Fort Mason, tel. 771-6222) which by definition alone is about as unlikely a candidate as any for most favored San Francisco restaurant. Yet this Zen Buddhist-run vegetarian restaurant housed in a former army barracks has become just that. Greens succeeds where other vegetarian restaurants fail because the menu is inventive, the food is consistently fresh, and the staff does not float about like the chosen few.

And the view is stunning. On a sunny San Francisco day, the volunteers, who distill the essence of California cuisine, are seated at long tables with blue sky and the warm red of the Golden Gate bridge. (When one considers all the dreadful meals we have endured simply for the sake of dining with a view, Greens certainly deserves high praise.)

Greens' menu is a masterpiece of vegetarian cuisine. It is a mix of the best of California cuisine, with a touch of the Zen Buddhist's sense of humor. The menu is a masterpiece of vegetarian cuisine, with a touch of the Zen Buddhist's sense of humor.

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think costs, elderly couples in for the daily dose of greens and even a jogger or two.

Greens is run by a local Zen Buddhist group, with farms just north of San Francisco and a bakery in town. Not surprisingly, salads and breads are what they do best. For \$4.25, Greens offers a hearty and original spinach salad, prepared with tender leaves of spinach sprinkled with Greek *kalamata* olives, California red onions, feta cheese and thick and crusty croissants. All is tossed in a delicate vinaigrette of hot olive oil and sherry vinegar.

The restaurant is famous for its *caja*, a pleasant but understated mix of Mexican black beans, corn, chili peppers, Monterey cheese and *crema fraiche*. Other popular dishes include a *Coronita*, a corn-based soup (sometimes served with a mixture of Gorgonzola and cream cheese), then charcoal-grilled served with vineyard apples and walnuts, and a lovely pulled brochette of vegetables, including marinated tofu, or bean, and threaded on a wooden skewer with mushrooms, tomatoes and peppers. Desserts are distinctly American, with a selection of cakes that include poppy seed, banana, walnut and carrot. Prices are moderate, with a full meal with wine priced at about \$25 per person.

While there was plenty to rejoice about in

these Bay Area restaurants, there was real disappointment in the most talked about new wave California style restaurant in Los Angeles.

Michael's (1147 Third Street, tel. 451-0849) is a 1½-year-old spot in Santa Monica run by a young American, Michael McCarty. He restored a lovely old building into a comfortable contemporary setting touched with an understated elegance. Tables on the tree-shaded patio are covered; while those dining indoors are seated by silver table settings by Christy and paintings by Jasper Johns and David Hockney.

Michael's is known equally for its sophisticated and inventive cuisine. To the contrary, it found the service superb, and while the food delivered its bit of invention, the food did not. Who would expect to be disappointed by a salad of fresh Belgian endive and melted goat cheese bathed in a walnut oil vinaigrette? What a wonderful idea. What a failure in execution. The chichory was faded, the goat cheese was old and acidic and the vinaigrette was overwhelming.

Fresh pasta with a sauce of scallops, cream and fresh truffles sounded inventive enough, but totally lacked definition, had less flavor at all and no hint of truffles. And the charcoal-broiled saddle of lamb with red wine sauce sounded like a disaster. Unfortunately, it tasted like was lamb well on its way to being lamb, and sauced with a flavorless sauce. As a matter of California cuisine with a raspberry vinegar sauce seemed a bit tritely novel, following (from Chez Panisse) the quality of a California squash, we had high expectations. For once, we were not disappointed by the quality of the food.

Prices are high. Dinner with moderate wine will cost \$60 per person. What's wrong with Michael's? It's wrong with so many new wave restaurants. It's wrong with so many new wave restaurants. It's wrong with so many new wave restaurants.

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What Video Is Doing to the Movies

(Continued from Page 5W)

later the steady profits flowed to the manufacturers of "software" i.e., programming. He has enthralled his daughter with stories his mother told him of the glamorous Hollywood studios of the 1930s. From his own memory, he can recreate for her the time in the late 1970s and early 1980s when the studios, though reduced in glamour, began to transform themselves to accommodate the video revolution.

In 1979 and 1980, all of the studios organized video cassette operations to promote the sale of their films, and although dollar revenues were initially minuscule in comparison to those realized from theatrical release or sale to commercial television, studio executives were transfixed by the percentages. They had learned that video cassettes returned the highest profits per viewer of any means of film

distribution, including subscription television and pay-cable.

At that stage of development, futurists sketched a Hollywood in which the film studios evolved into something akin to recording studios. In fact, the early disks revealed some uncertainty about what sort of motion pictures people wanted to own and see again and again.

In 1980, MCA's disks emphasized the high-fidelity sound of its laser-optical disk system, which could be played through a home stereo, rather than the tiny speakers of most television sets. In addition to musicals like Paramount's "Saturday Night Fever," MCA plans at that time included a Donnie and Marie Osmond special and other rock fare.

"We're looking for programming that will jump right off the shelf," said James Fiedler of MCA. The period was very like the late 1920s,

right after the introduction of sound in the Al Jolson triumph, "The Jazz Singer." For a while thereafter, Hollywood was infatuated with all-talking, all-singing, all-dancing revues, but what was at first novelty soon became a bore. By 1930, the revues were on their way to oblivion. But in the video revolution, as in the sound revolution, musicals were regarded as a safe introductory bet.

What the couple misses in new movies are the vivid, sharp-edged photography and the vast panoramic effects of those days of film. In fact, they have included in their collection of disks certain movies they cherish because of their photography — among them Stanley Kubrick's "Barry Lyndon" and Terrence Malick's "Days of Heaven."

The couple knows that although both film

and videotape record moving images, the two media are vastly different. On motion picture film, images are recorded photographically 24 times per second. When the developed film is projected back at this speed, it produces the illusion of motion. In video systems light is directed electronically into shifting fields of dots that merge into a new image 30 times a second. These technical differences create the fundamental distinctions between the two media, giving film images their well known sharpness and clarity and giving video a fuzziness despite its convenience.

Still, video has other compensations, and as early as 1980, Francis Coppola, the famous director and producer, had announced that all his production would be on video within three years. For one thing, videotape, like other magnetic tape, had the advantage of being

reusable, making it an attractive alternative to film, which had the drawback of high silver content in an era of soaring metal prices. Video also offered advantages to those with the technical skill to manipulate its myriad dots. The introduction in the late 1970s of costly computerized editing systems allowed the dots from one image to be mixed with the dots of another, resulting in superimpositions, animations and fantasy sequences impossible on ordinary film.

Mr. Coppola, whose prowess as a movie maker was matched by his presence, predicted in 1980 that movies would be created like elaborate long-playing records, not only with multiple backgrounds, but also by putting actors in juxtaposition with other visuals.

The creation of motion pictures in this man-

ner verged on animation techniques, if not with regard to human actors, at least with its pensive settings and backdrops. This trend in some ways to a throwback to the technique of "rear projection," used in the studios in Hollywood, when major stars were expensive to entrust to the rigors and dangers of location filming.

"You won't be able to afford to send a hired hand to the Philippines in the future," Mr. Coppola said.

He said that he would work from a scenario with your key actors and the art director, and after a lot of effort go out on stage about a week making use of lots of pre-recorded and synthesized material. It has to happen. You can't make movies anymore the old way.

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The art market

Buyers Cautious at English Auctions

by Souren Melikian

LONDON — The end-of-term reports released by the main English auction houses leave little doubt that the market has entered a new phase.

Spending is up in high-security zones, and only there. Sotheby's, leading worldwide sales totaling \$120,183,000 from Sept. 1 through Dec. 15, owes as much as one-sixth of this net turnover to jewelry. In this field, sales have increased by one-third over the corresponding period in 1979.

"Impressionist, Post-Impressionist and Contemporary Art" jumped together — take another large share, \$15,840,000, improving the fall 1979 score by more than a quarter.

Thumbing through the season's catalogs, it is easy to determine what sells well. Works must either be at the top of the list in the way of great Impressionist, pointillist, expressionist and other late 19th- and early 20th-century schools, or of the most typical and obvious kind. A Renoir portrait of a woman, sold in London on Dec. 3 for \$580,000, is not the market's most forgettable work, but it sums up all that Renoir was going in for in 1888: the lush nude, the broad brushwork blending colors along the outlines of his subject, the downcast, half-closed eyes and that ambiguous expression of the face seen three-quarters. In short, the Renoir look of the 1880-1890 decade.

Old masters have been doing well, along the same principles. Sales at Sotheby's, including paintings and drawings, boomed from \$4.4 million in Sept.-Dec. 1979, to \$7.8 million this fall. By and large, however, buyers are not taking chances. They go after signed works by well-known masters, preferably illustrated in art volumes. Seven auction records were established on Dec. 10 at Sotheby's, including \$467,000 for a painting by Pieter Bruegel the Younger called "The Payment of the Tax at Bethlehem."

But two days later a patchy pattern could be observed at Christie's Old Master sale. Huge prices were paid for unsigned Caravaggioesque paintings in very bad condition. One, identified as "Christ and the Woman Taken in Adultery" by Mattia Preti, must have been a handsome piece when it was painted, around 1600-10. In its present condition, however, it will need a lot of costly restoration work, making its \$100,000 price seem very large indeed. Similarly, a fine outdoor scene by Philips Wouwerman, much exhibited, often illustrated and graced with a first-class pedigree, was brilliantly sold at \$111,500.

But there were some failures. A landscape by Salomon Ruysdael was bought in, possibly on account of its dirty-looking paint surface, which suggested rain. Another one, of considerable beauty, failed to sell, perhaps because the formula "signed with a monogram" chilled private buyers.

It all shows that while buying in this field is stimulated by the fear of high-level inflation, it remains unpredictable and is therefore more of a gamble than a hedge against inflation. No buyer can be sure of getting his money back if he is not a thorough professional.

The most striking progression at Sotheby's — Christie's did not release departmental totals for the term — concerns Chinese works of art, which were up by 150 percent thanks to the Chow sales in Hong Kong (JHT Nov. 26 and Dec. 15-16). That is consistent with other figures the world over. Rather than being an indication of general healthiness in the art market, however, the boom on Chinese largely reflects the wealth of Hong Kong and Japan with its strong ties to Chinese culture. The field, better studied than most, makes buyers secure and stimulates speculative buying from professionals. It is highly significant that Colnaghi's, best known for its old master paintings, has decided to open a Chinese and South East Asian section.

One last winner this fall is North American art, totaling \$7.5 million at Sotheby's, precisely twice last year's score. Again, this does not demonstrate the prosperity of the market in general but points to the nationwide surge of interest in the American past. It is linked with yearning for things as they once were — from gramophones to movie posters of the 1930s. Such a phenomenon goes far beyond mere "art market" trends.

Of course it all adds up, accounting for the overall financial progression of Sotheby's, 26 percent, and Christie's, 18 percent. Yet this does not mean that the future is all roses and sunshine on the art market *stricto sensu*.

There are indications of an ominous character to be read into the fall figures.

"Works of art," a loose category that includes everything from sculpture to gold boxes and musical instruments, are down by nearly 20 percent, without taking inflation into account. So are "European Ceramics and Glass" and "Antiquities." That covers the great majority of objects d'art, except silver which is, again, the object of intensive speculative buying and is going up.

In short, despite inflation, buying is any-



'Riding at the Herring' by Philips Wouwerman.

thing but reckless. It is targeted on two broad groups. The first consists of items that are potential buys for museum foundations — major paintings, Christie's Leonardo notebooks, etc. The second group includes small, portable works of art, colorful enough to be of instant appeal and easy to authenticate and identify. Old silver, 18th-century snuff boxes, Fabergé, all with marks or signatures, all easily datable; important miniatures, rare books, rare coins. But not porcelain: It is too breakable to be carried around and truly valuable only when superlative quality sends it back into the category of potential museum buys.

A danger sign has just been flashed by Phillips, which has released its turnover figure from January through December. It stands at \$32,800,000, nominally up by 6.4 percent, which actually means a drop of about 5 or 6 percent. The reason may be guessed. Phillips' jewelry handles the spectacular end of the market — top old and modern masters, top jewelry, silver, etc. Its wares mostly fall outside the museum sphere, hence the decline.

Leaner times may well be bearing.

Contemporary Art Dominates Zurich Shows

by Gail Mangold-Vine

ZURICH — Most Zurich galleries were ending the year with retrospectives of famous 20th-century artists or shows of recent work by contemporary well-knowns. In both cases, the emphasis is on known quantities.

At Galerie Ernst Schidegger, some 30 works — paintings, drawings, sculpture and photos — by Laszlo Moholy-Nagy (1895-1946) are on view until Jan. 15. Despite the careful, fused color of the oils or textured beauty of some of the drawings, the artist's overriding concern with visualizing concepts of motion, space and light frequently dematerialize the works at hand, so that one finds oneself concentrating more on the ideas than the execution of it.

A series of "photo-sculptures" using figurative elements in the relationships that Moholy-Nagy usually imposed on abstract works attains a surreal wit. Particularly beautiful is the artist's 1925 photograph of a house in Switzerland, with five windows and the electrical wires attached to its facade creating abstraction by pure visual accident. (Galerie Schidegger, Wettengraben 2, tel. 47.13.71 or 252.47.80).

Teriade, the great French art publisher of

Greek origin, had the inspired mind behind some of the most seminal reviews and illustrated books of this century. On view through January is Marc Chagall's series of 42 lush lithographs, published in 1961, as well as Longus' "Daphnis and Chloe" and the complete *Verve* (Vols. I-X). This magazine, which appeared from 1937 to 1960, featured articles by the finest French minds, first-rate photography (Cartier-Bresson et al) and excellent color plates. Some of the issues were devoted to celebrated works of hours, like the Limbourg Brothers' illuminations for the Duc de Berry, but most featured artists of the time, using their original cover designs and graphics. Among them: Bonnard, Braque, Matisse, and Picasso. (Galerie Kornfeld, Tildstrasse 48, tel. 32.03.60).

The complete collection of another art publication of long standing, *Derniere le Miroir*, may be viewed at Galerie Maeght's Galerie 3 until the end of January. Started in 1947 and continuing to the present day, this publication incorporates into the exhibition catalog original texts and graphics by artists showing at Maeght. These have included Braque, Giacometti and Calder, among many others in the past, and Antoni Tapies and Jean-Paul Riopelle in Maeght's Galerie 2 and 1, respectively, until the end of January. (Galerie Ehrensperger, Raemistrasse 38, tel. 251.11.24).

Two Englishmen show at Gimpel-Hanover and Andre Emmerich galleries until Jan. 10. In the upstairs gallery, some 40 works by Alan Davie reveal his familiar signs and symbols in a series of luminous gouaches remarkable for the lyrical tenderness of their language. Downstairs, a contemporary of Davie's, 63-year-old Robert Adams, shows a group of brown and gold patinated bronzes. If Davie, a jazz musician, suggests the color textures and mood of music, Robert Adams' elegant bronzes have the cool reticence of notes on a score. (Gimpel-Hanover and Andre Emmerich Galerie, Tiedstrasse 40, tel. 202.03.00).

An album, published this year, of 10 color silk screens by Andy Warhol is on view at Galerie Ehrensperger until Dec. 20. Entitled "Ten Portraits of Jews of the 20th Century," it features photo-enlargements with superimposed color blocks and linear accents of such personalities as Freud, Kafka, Einstein, George Gershwin, Sarah Bernhardt and the Marx Brothers. To what extent these treatments reflect Warhol's involvement in the personalities of the subjects is unclear; the superficiality makes one hope, for Warhol's sake, that there was very little involvement, the exercise being more of a decorative, commercially viable effort than anything else. (Galerie Ehrensperger, Raemistrasse 38, tel. 251.11.24).

A Little-Known Italy Revealed in Brussels

by Mavis Airey

BRUSSELS — It is a largely unknown and sometimes surprising Italy that's revealed in "Prima Italia," an exhibition of 1,000 years of pre-Roman Italian art at the Royal Museum of Art and History in Brussels until Jan. 7.

Until recently, the Etruscans, with their highly developed culture, were generally regarded as the only artistically noteworthy civilization in Italy prior to the unification of the peninsula under Rome. Now, thanks largely to some remarkable archaeological discoveries over the past few decades, it has become clear that this is not the case.

"Prima Italia" brings together for the first time examples of religious and decorative art, pottery, metalwork and sculpture from all the different ethnic groups that inhabited the Italian peninsula from the 10th to the first centuries B.C.: Etruscans and Latins, Umbrians and Apulians, Ligurians, Venetians, Celts and a whole range of other groups. But what is special about this exhibition, according to the organizers, is not the regional differences, but the remarkable evidence of reciprocal influences and common developments that point to an astonishing degree of artistic unity in Italy from the earliest times.

To illustrate this evolution, the exhibits are not set out in the conventional chronological or geographical order, but according to six key themes: primitive plastic arts, geometric decoration, the oriental style, archaic art, reflections and reactions to classicism, and the Greek epoch.

In the first section, the primitive figures of animals and people dating from the Iron Age are elongated and stylized. By the mid-eighth century B.C. the bronze smiths of Vulci were producing luxury objects of a high quality that served as a model all over Italy.

The geometric designs shown in the second section have their roots in prehistory, and the abstract motifs and schematic figures constituted a common basis from which all the different Italian cultures evolved.

East in the sixth century B.C. Flowers and plants and mythical beasts — sphinxes, griffins and winged horses — and narrative scenes began to replace or broaden the geometric style.

Particularly open to the Eastern influences were the rich and cultivated Etruscan aristocracy, prosperous from the export of iron and copper. From the East they discovered writing, and brought Italy into the historical epoch. Attracted by the wealth of the great centers like Caere and Tarquinia, local craftsmen and artists came to work for the prosperous elite. The Etruscan-Carthaginian style they developed spread all over Italy, and their distinctive terra-cotta pottery — incised design on a gleaming black ground — was exposed throughout the Mediterranean.

The fourth section of the exhibition shows the development of archaic art that came with the spread of urbanization and showed itself especially in religious architecture. Temples were richly decorated with statues and friezes, first under the Ionian influence, more so than the oriental style; later rivaling the Greeks in their attempts to render movement.

The classical art of the fifth section reflects

the transformations that took place in Italy in the fifth and fourth centuries B.C. as the Etruscan domination waned and the Roman republic was born. Artists in the big towns of central Italy adopted — and adapted to — the stylistic innovations of Polykleitos and Phidias and others, and established an artistic industry of high quality, particularly in engraved

The first section covers the Hellenistic period from the third to first centuries B.C. The third century B.C. was marked by Rome's progressive conquest of Italy, and when Rome headed the artistic movement in the second century B.C. it was heavily under the influence of the newly conquered Greek kingdoms. Two new genres appeared that were to develop most fully during the empire — the narrative relief and portraits exalting the civic or moral virtues of important people. The exhibition includes some striking examples. Roman domination set the seal on the process of artistic reconciliation that was already under way. Few traces remained except at a popular level of the many artistic forms and styles inherited by the races and societies that lived side by side in different parts of Italy.

Apollinaire and the Avant-Garde

ROME — Guillaume Apollinaire, born in 1889, grew up as a French citizen in Paris. He became one of the most brilliant catalysts in the years before and during World War I in Paris, when all that had been taken for granted was re-examined, when the old values were about to be thrown over.

As a literary personage, founder of new magazines, playwright and poet since 1904, he recognized talent in struggling painters, sculptors, composers, choreographers and writers. This exhibition, "Apollinaire and the Avant-Garde," is based on his *Manifesto "L'Artisme du Futurisme"* which he published in French and in Italian in 1913 with a list of 175 names, a third of them painters and sculptors. The 29 pertinent works here, examples of Futurism, Cubism and poetry — all terms coined or used by the poet — allow us to experience something of the electric atmosphere of a rich and pregnant time.

The Futurists: Boccioni's sculpture, unravelling space; his thoughtful drawings; Carrà, Severini, and the indefatigable Balla. The Cubists: a painting, a sculpture, and many drawings by Picasso; Juan Gris' sober elegance; a bright exercise in planar structure by Matisse; Duchamps in a Cubism all his own; Delaunay's buoyant optimism; Kandinsk's explosive abstractions; Herbin, Picabia, Gleizes and others (but not Rousseau, Savinio and de Chirico and friends who were not on the Manifesto list).

The *Manifesto*, Apollinaire's writings and those of his friends, theater programs of his "Mamelles de Tiresias" and other mementos are also shown with accompanying lectures.

Apollinaire was wounded in 1917, but remained active until his death in 1918.

"Apollinaire and the Avant-Garde," Galleria Nazionale d'Arte Moderna, viale Belle Arti 131, until Jan. 4.

— Edith Scholss

Something's in the Wind Architectural Digest

by Jean Rafferty

ARIZ — Is Architectural Digest, America's super-glossy, super-snob decorating magazine, going international? Marketing surveys have been in place in France, England, Germany, Italy and Japan. Rumors of an imminent operation in France, have grown from a constant buzz over the past months to a concrete prospect to be digested. Readers Digest, in charge of carrying out the survey, has a wily editor, Jasper Jones, who is known equally as a writer and a publisher. He is known equally as a writer and a publisher. He is known equally as a writer and a publisher.

There's really an ongoing war between the architects and interior designers." Feeling, too, can be behind the definitions of designer and decorator. "Interior designers used to be called interior decorators, but there is a difference," Rense said. "Designers should be able to design a total concept — the space, the furniture, everything. Before it was a case of buying existing things and arranging them. A decorator primarily furnishes."

Who uses decorators? Not just the millionaires — *nouveaux* or *anciens*, Rense averred. "There are the people who have always used them. We're an affluent country and there are more and more people who can afford them."

And where better to choose than from the pages of America's decorators' Delbert? Which — *new* or *old*, Rense with the assistance of wasps around a golden honey pot.

"The Digest is for a certain sphere of people," said Jacques Guenard, the Frenchman who decorated the interior of the Hotel Grand Bretagne, Athens; Boucheron, Geneva, and homes in London and Paris. He was explaining why he hoped to break into the magazine. "If one is looking for that rare international clientele, being in Architectural Digest lends one a certain aura."

Francois Catroux, another French decorator and a favorite of Rense (his work in New York, Europe and Mexico has often featured in Architectural Digest), called it a magazine of great prestige. "It's taken the place of *Connaissance des Arts* internationally," he said. Catroux gets at least one top job after every Architectural Digest spread; for a Californian designer, it can be as many as five. At Architectural Digest Paris correspondent, photographer Pascal Hinoys pointed out, "300,000 subscriptions can mean two million readers — an international public vaster than anything found in Europe."

"Submitting to Architectural Digest is the easiest thing in the world," Rense said. "Getting in is the most difficult." Out of 2,000 homes a year, only about 10 percent make it. Every one passes through her personal scrutiny. "I think it is imperative that one person do the choosing," she said.

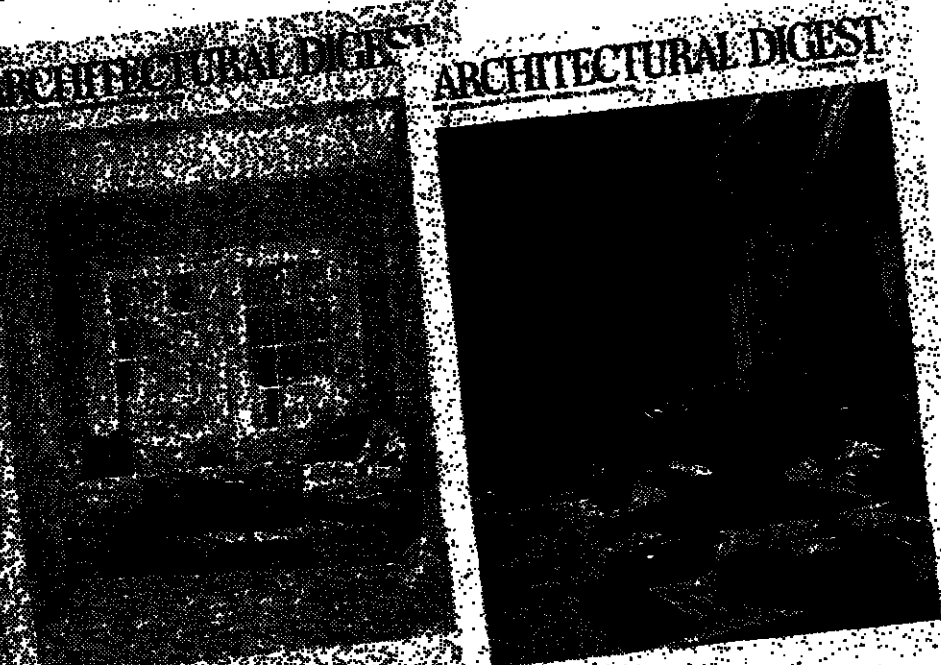
Rense works from record shots sent in by designers or home owners, and from leads given by photographers, designers and writers, then sees many of the first choices personally before giving the final approval.

"I never look for any one kind of thing," she said. "I look for something that has style and will photograph." But she added, "I've never been able to define style by my own satisfaction." Not much to go on for those anxious to figure in her pages, but there are certain unwritten, but nonetheless unbreakable rules.

Naturally the house must be untouched by other magazines. The decorating world must be the last outpost of sophisticated civilization where virginity (for houses at least) is not only in, but imperative. And once published, Architectural Digest likes to keep the house exclusively its own for at least a year, and has been known to pressure designers into total fidelity. For European-based designers, who must vie for the one French, Italian or English story a month, the wait can be a maddening two years.

"I've no interest in making news," said Rense, who admitted to a heavy backlog of European stories. "Good contemporary design should be just as good in 10 years as it is now."

Also, the do-it-yourself approach is unlikely to meet with success, unless you are Yves Saint Laurent, whose Art Deco Paris apartment is one of Rense's favorites. "In this country there are very few homes I can show that are done by nonprofessionals," she said. But she added: "Europe has a tradition of things passed down from generation to generation — a great richness, an expanse of antiques and art — and an



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Other splendid works include a flower piece and a still life by the late 18th-century French painter Prevost le Jeune; a superb watercolor of a bouquet of asters, carnations, pansies and dahlias by Redoute; a realist canvas of 'Flowers in a Vase' by Antoine Villon, still grossly underrated outside his native France; and a fruit still life by E.H. (Eloise Harriet) Stannard, a member of the celebrated family of Norwich School artists.

Inevitably the work of Gluck (1895/1978) of which there is a Memorial Exhibition running at the Fine Art Society, 148 New Bond Street, W.1 to Jan. 30, challenges comparison with that of the Paris-based American Romantic Brooks. But whereas Brooks (1874/1970) cultivated a Franco-American monumentality in her portraits of Ida Rubinstein, of Natalie Barney, of Jean Cocteau and Paul Morand, Gluck (see Gluckstein, the only daughter of one of the founders of J. Lyons) practised a more intimate style, even in her 'grand' portraits of Lady Mount Temple and the novelist Susan Ertz, an intimacy made the more so by the three-tier Gluck frame, which was designed and patented by the artist to be adaptable to virtually any environment.

In later years, Gluck involved herself in a deep study of artists' materials, and waged war against the colormen for the interiority of their modern wares. The purity of her materials counterpoints the purity of her technique in her later paintings, notably in her last work, 'Rage, rage against the dying of the light,' inspired by Dylan Thomas' elegy for his father.

At Marlborough Fine Art, 6 Albemarle Street, W.1 to Jan. 31 is the first London exhibition of the young English artist John Wonnacott. He lives in Essex in a town on the estuary where the river Thames broadens out as it meets the sea, and works in a bay-windowed studio overlooking the seaboard promenade. Eleven of the 19 drawings and paintings of this show are views from this window, each study of passers-by, weather, the sea and the sky being subtly defined by the studio window-frame. These are excellent examples of the portrayal of the everyday in the main tradition of English representation, based on careful perception and great skills of draftsmanship.

Leon Kossoff, whose recent drawings are to be seen at the Riverside Studios Gallery, Crisp Road, Hammersmith, W.6, is like Wonnacott, emphatic about the importance of draftsmanship. Indeed, his recorded opinion is that "painting is a form of drawing." It is good, therefore, to see, as it were, the bare bones of his art in these new works, since we are infinitely more familiar with his mountainously impastoed canvases. "Looking back," he says, "it seems that I have been endlessly engaged in the self-imposed activity of trying to teach myself to draw from life."

Galleries in London

by Max Wykes-Joyce

ONDON — It is no longer possible to write off January as a month lacking exhibitions of any consequence. London now provides a round-the-year selection, of which the following are of special interest. At Christie's European Arts Centre, 17 Eccleston Street, S.W.1 until Jan. 17, is the first London one-man show of recent works on paper and canvas by the young American painter Kevin Scott. Born in New York, he was in turn a student at the Art Students' League and Cooper Union in New York. After graduation he moved to London, where he has been a lecturer in art history, a technical draftsman and design assistant at the Royal Opera House, Covent Garden, and a trainee, with forays into theater and opera in Germany and Norway.

Scott's current work is on the borderline of abstraction from landscape and interior, though he claims an almost total abstraction. His paintings that to his eye at least rely essentially on light effects in landscape for their interest. (Kossoff) No need, however, to intellectualize. The National Gallery, London, is showing paintings.

Equally bright and lively are many of the works in Three Centuries of Flower and Still-Life Painting 1600/1900, arranged by ART Inc. in conjunction with Marshall Spink, and to be seen until Jan. 28 at the Marshall Spink Gallery, 18 Albemarle Street, W.1. This is an exhibition full of unexpected delights, such as the 'Hedgehog under Brambles with Insects, Small Creatures and Reptiles in a Landscape' by Matthias Witthoes (1627/1703). This strange work unites the finer qualities of Dutch landscape painting with the meticulous detail of the flower/insect painters to create a mysterious and alarming universe.

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Tables include the nationwide prices up to the closing on Wall Street.

(Continued on Page 10)

International Herald Tribune
We've got news for you.

کتابخانه المصلح

BUSINESS NEWS BRIEFS

Opposes Continental-Western Merger

WASHINGTON — The Justice Department said Friday that it opposes the proposed merger of Continental Airlines and Western Airlines. The department said the merger would have "an unacceptable competitive effect" on airline markets served through Denver and Lake City. It identified at least 128 routes that would be adversely affected by the merger. Continental and Western filed their application to merge on Sept. 22. The CAB judge's decision is expected by Feb. 6.

El Al to Get 4 Boeing 767s in Economy Plan

TEL AVIV — The Israeli government has signed a \$200-million contract to buy four fuel-efficient Boeing 767s to help cut the losses of its national airline, El Al, company sources said Friday. The planes will be part of a new fleet intended to trim El Al's fuel bill and restore profitability after three years of losses culminated in a record \$100-million deficit for the 1980 financial year. The government has stated to wind up the company unless it reduces its work force and expenses.

Curtis-Wright Raises Offer for Own Stock

WOOD-RIDGE, N.J. — Curtis-Wright, which is fighting a takeover by Kennecott, said Friday that its offer price for 1 million of its shares will go up to \$46 Monday from the present \$44. Kennecott's offer is \$40 a share. Curtis-Wright also said that Teledyne, which owns about 31 percent of Curtis-Wright's 8 million shares, has stated that it does not intend to sell any shares under the increased offer.

Merging Merges 4 Units Into New Company

BERLIN — Schering AG said Friday it has merged four subsidiaries in North Rhine-Westphalia. The companies, Chemische Werke Rombach, Chemiewerk Curtius and Dr. Harns, are a unified company called Harns Chemie, based in Paderborn, as of Thursday. The new company produces and markets basic chemicals and agricultural chemicals as well as services. It is planned to expand the activities of Harns Chemie, including its marketing network throughout Western Europe, Schering said.

Combustion Engineering to Purchase 2 Firms

NEW YORK — Combustion Engineering, a major energy-equipment manufacturer, says it has agreed to purchase the assets of Huebner, a Vienna, which manufactures oilfield wellheads and valves and industrial valves. Combustion Engineering also announced an agreement to purchase assets of Tallor Ojeda de Maracaibo, Venezuela, which makes other equipment used in oil and gas production. The agreement is subject to approval by the Venezuelan government.

S. Steel Corp. Predicts Industry Upswing

PITTSBURGH — U.S. Steel Corp. said Friday it expects domestic industrial shipments of at least 90 million tons in 1981 after 84 million in 1980. The company said high interest rates, inflation, sagging productivity and excessive taxation were serious barriers to the economic upswing industrial recovery foreseen in the early fourth quarter of 1980, but that major international dislocations, steel in 1981 will continue the upswing it began in the latter part of 1980.

Carter Reported Weighing Specialty Steel Import Aid

WASHINGTON — Before he leaves office, President Carter is expected to introduce some form of import protection for the steel industry, according to administration aides. A memo summarizing the president's position on the steel industry and options has been given to the president from his domestic policy staff. Although Mr. Carter could not be reached for comment, the industry has been complaining for some time about mounting imports of specialty steel. It is expected that he will opt for what is known as an "anti-subsidy" mechanism to check the foreign ships, mainly from Japan and the European Economic Community. Under such a procedure, which applies to textiles, when prices reach certain levels they are off an expedited federal inflation index. Under such a procedure, the industry has been complaining for some time about mounting imports of specialty steel. It is expected that he will opt for what is known as an "anti-subsidy" mechanism to check the foreign ships, mainly from Japan and the European Economic Community. Under such a procedure, when prices reach certain levels they are off an expedited federal inflation index. Under such a procedure, the industry has been complaining for some time about mounting imports of specialty steel. It is expected that he will opt for what is known as an "anti-subsidy" mechanism to check the foreign ships, mainly from Japan and the European Economic Community. Under such a procedure, when prices reach certain levels they are off an expedited federal inflation index.

World Role Seen Continuing

Dollar Firm After 1980 Ups and Downs

NEW YORK — The dollar's strength through 1980 yielded more evidence of its status in the world monetary family. Its strength was evident in the fact that it was the only major currency that was not devalued against the dollar. The dollar had some sharp ups and downs against its most potent rival, the Deutsche mark, the yen, in a circle of closely tied European currencies. But the year as a whole the dollar ended 1980 with a gain of about 14 percent against the mark, 13 percent against the French franc, and 12 percent against the Swiss franc. It shed 15 percent below its year-end rate against the yen. The Canadian dollar closed the year about 2 percent below its end-1979 rate against its U.S. counterpart. Sterling was about 7 percent stronger against the dollar.

Earning Prospects

Chiefly, the episodes of dollar strength reflected "expectations of a high interest rate," a U.S. money official observed. Now that talk is about how far and how U.S. interest rates will sink, it is natural that the dollar is sagging, he adds. One than in prior years, traders are drawn to a currency in prospect of a handsome return from short-term deposit investments. About 32 percent of their currency trading in the United States

Harvester Trusts In 1981 Rebound

By Winston Williams

New York Times Service

CHICAGO — Plagued by a staggering debt load, climbing interest rates, weak markets and high-cost plants, officers at International Harvester nevertheless expect to muddle through the beginning of 1981. The chairman and chief executive of the beleaguered farm-equipment maker, Archie McCardell, even says he expects the company's setback to be brief.

The market penetration of the 150-year-old company reached new highs in trucks and farm equipment in recent months, Mr. McCardell said recently, and the company rebounded vigorously between April, when a six-month strike ended, and the current fall. He added that he expected the company to benefit also from a record number of new and updated products that would hit the market next year. New products are scheduled to replace items that make up more than a third of normal sales volume.

Most important, company executives said, is that cost-cutting measures and operating efficiencies are beginning to show their effects. These changes, they said, will reduce annual operating costs by \$400 million from the level of three years ago.

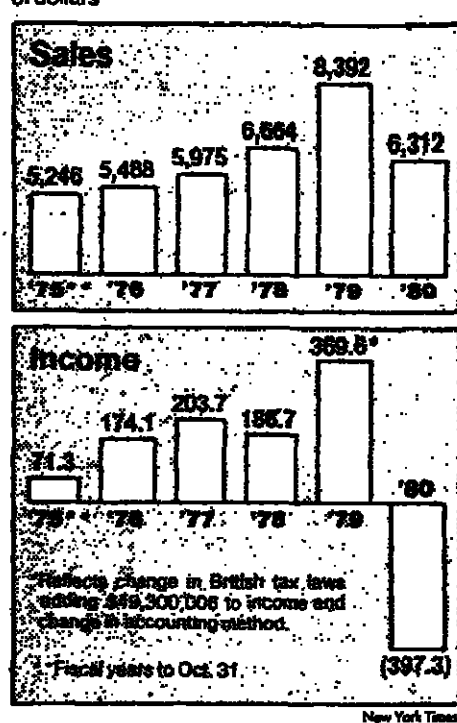
"Fundamentally, we have been trying to attack this cost problem that we have. That's the scheme to cure things long-term," Mr. McCardell concluded. "We have eliminated two-thirds of our cost penalty, but we still have a long way to go."

The strike settlement, he said, gave the company work rules and labor costs that are now comparable with those of its competitors. Several operations have been sold, phased out or cut back, ending losses of

(Continued on Page 10, Col. 1)

1980: A Barren Year For International Harvester

Net sales and income in millions of dollars



Isuzu-GM Arrangement Also Reported

Ford-Toyota Deal for Utility Vehicle Seen

TOKYO — Ford and Toyota have agreed to produce a multipurpose utility vehicle in the United States, officials of the two companies said Friday. The proposed passenger car, the financial daily Nihon Keizai Shimbun said Friday. It said that details of the tentative agreement will be discussed further before a final agreement is reached in about March or later.

Also Friday, industry sources said Isuzu Motors, Japan's sixth largest automaker, will produce the new compact "J-car" developed by U.S. affiliate General Motors beginning late this year. The sources said the front-wheel-drive J-car is scheduled to go on sale in the United States in April.

Isuzu plans to produce about 5,000 units of the fuel-saving car a month, according to the sources. Last month, Nissan Motors announced that it was studying joint auto production in Japan with West Germany's Volkswagen.

Honda also announced last month that it had agreed with the United Car and Diesel Distribution Co. of Pretoria, in which Daimler-Benz has a 27-percent stake, on joint production of Honda vehicles.

GM said Friday it will raise the sticker prices of some of its passenger cars an average of 1.5 percent, effective Monday. The company said, however, that it will lower the sticker price of its 1981 Chevette by \$100, and will hold prices of its 1981 "X-cars" at the current level.

GM said the Chevette price reduction and its holding action on the prices of X-cars, including the Chevrolet Citation, Pontiac Phoenix, Oldsmobile Omega and Buick Skylark models, reflect the need to increase the sales rate for new cars.

The company said these compact and subcompact cars account

for more than 60 percent of U.S. new car sales industrywide.

Other passenger car prices will increase by an average of \$149, GM said. The company said the increases are due to higher costs, noting that labor cost increases since the start of the 1981 model year are more than \$150 a vehicle.

Talks on Chrysler

TOKYO (Reuters) — Peugeot-Citroen and Mitsubishi Motors will hold top-level talks in Paris in April to discuss ways to ease the financial difficulties of their U.S. partner, Chrysler, the Sankei Shimbun newspaper said Friday.

The daily, quoting informed sources, said the presidents of the French and Japanese companies were likely to discuss the possible purchase of Chrysler overseas plants to produce Peugeot and Mitsubishi autos.

The plan is designed to bail out Chrysler on the one hand and build up the Japanese company's

Bank of America, Citibank Cut Prime Lending Rate to 20.5%

By Mary Tobin

United Press International

NEW YORK — The Bank of America, the nation's largest bank, and No. 2 Citibank lowered their prime lending rate Friday to 20 1/2 percent from 21 1/4 percent, as did most other large banks, but an analyst said "we're not out of the woods yet" on interest rates.

"You have to look at the near future with a great deal of caution," said the analyst, William Sullivan Jr., senior vice president at the Bank of New York. "The economy continues to surprise us in terms of its relative strength."

Citibank initiated the move, which had been expected in view of an easing in most money market rates. Among the dozens who jumped in behind were most of the Top 10 not already at the 20 1/2 percent level, including Manufacturers Hanover and Bankers Trust, First National of Chicago, Continental Illinois and Security Pacific.

The third largest U.S. bank, Chase Manhattan, was the first to the 20 1/2-percent rate 10 days ago and Chemical made the move

Monday. Several smaller institutions have moved to even lower levels.

Although most market rates have dropped, the key federal funds rate that banks charge each other for loans, a prime source of funds, has been trading at well over the 20 percent level every day this week. Indeed, many banks raised their broker loan rate earlier this week in response.

But most analysts say much of the upward pressure was caused by a sharp drop in bank float and by other year-end factors that reduced reserves. Float is the volume of uncollected checks, which shows up

as two deposits until credited and which is affected by weather and holidays.

Mr. Sullivan said, however, that while there are strong arguments for the theory that rates have peaked, "we are worried about federal spending and concerned about the potential for money supply growth in January that could prompt the Federal Reserve to tighten up again."

"If credit demands remain strong, if the business picture does not weaken and if government spending continues to accelerate, we could see interest rates turn around," he said.

NYSE Prices Begin Year With Gain in Slack Day

From Agency Dispatches

NEW YORK — New York Stock Exchange prices scored gains late Friday to finish the first trading day of the new year on a strong note, but with weak volume.

The Dow Jones industrial average rose 8.79 points to 972.78 after being trendless earlier. Advances led declines two to one on volume of about 29 million shares, down from 41 million Wednesday.

One analyst said the strength could bode well for the year. According to Wall Street folklore, the first days or month of the new year are considered indicative of the market's direction for the entire year.

Investors were hopeful that the prime rate reductions Friday showed that interest rates have peaked. However, some experts have warned that the rates are volatile at this time and could head higher anytime.

After the close, the Federal Reserve Bank of New York reported that business loans at major New York City banks fell \$1.22 billion in the week ended Dec. 24. The drop followed an increase of \$121 million the previous week and a rise of \$179 million in the week earlier week. The Fed said U.S. money supply figures would not be available until next week.

In Washington, the Commerce Department reported that construction spending, as measured in inflation-adjusted dollars, rose 1.5 percent in November to a seasonally adjusted annual rate of \$101.4 billion. This followed a 0.2 percent

rise in October but still leaves inflation-adjusted construction spending 12 percent below a year earlier.

New orders received by U.S. manufacturers rose \$1.57 billion, or 1 percent, in November to a seasonally adjusted \$159.63 billion, the department said. The increase follows a revised 1.8 percent rise in October. Originally, the department said new factory orders had risen 1.7 percent in October.

The department said shipments rose \$1.69 billion, or 1.1 percent, in November to \$158.39 billion after a 2.6 percent increase in October. The backlog of orders rose 0.4 percent in November to \$28.1 billion after a 0.5 percent increase in October.

In trading, some oils, computers and autos gained. Active Chrysler was up 3/4 to 5 1/4. IBM gained 1/4 to 68 1/4 while Union Oil ended at 44 1/4, up 1/4. Pan American World Airways made the active list with a block of 100,000 shares at 44.

LTV was active most of the day. The stock has risen lately on increased earnings and hopes the firm will benefit from President-elect Reagan's defense plans.

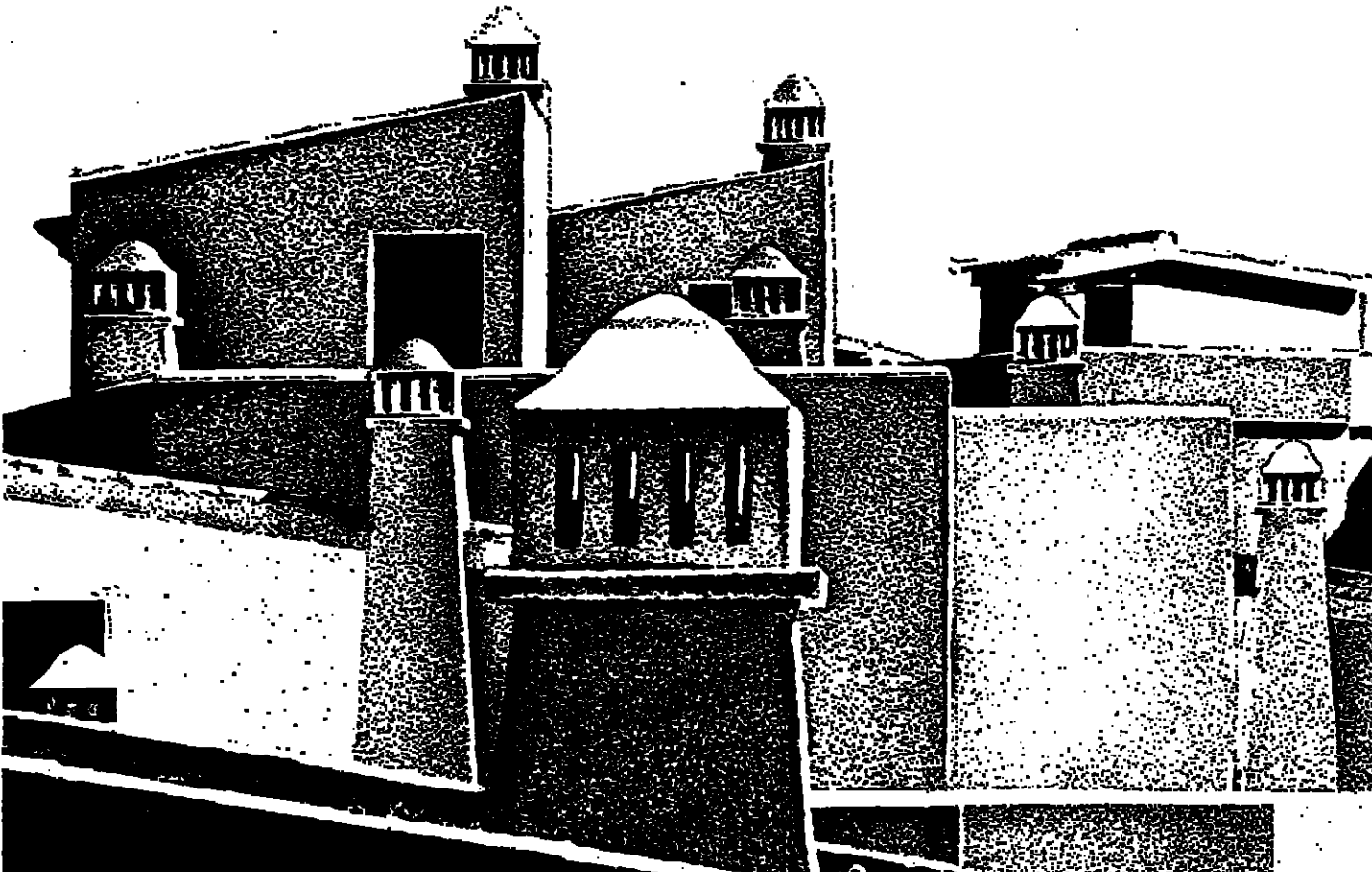
In other corporate news, Eastman Kodak said it is increasing the price of many of its products an average of 8 percent effective Jan. 24.

Ampco-Pittsburgh Corp. said a subsidiary plans to offer \$25 a share for Buffalo Forge common. Ampco already owns 3.4 percent of the company.

art is...

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OR TO:
A. ASCHER
BERGER STRASSE 120
6000 FRANKFURT/MAIN Tel: 0611/446494

CURRENCY RATES

Interbank exchange rates for January 2, 1981, excluding bank service charges

	U.S.	DM	FF	£	Y	S	Sc	DK	N
American Express	2.3445	1.8998	18.87	46.35	12.228	14.824	4.318	118.66	32.89
Bank of America	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Montreal	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of New York	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Paris	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Tokyo	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of London	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Rome	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Spain	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Sweden	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Switzerland	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of West Germany	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Japan	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Korea	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of India	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of China	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Hong Kong	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Taiwan	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Thailand	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Philippines	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Malaysia	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
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Bank of Indonesia	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Brunei	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Cambodia	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Laos	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Vietnam	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of North Vietnam	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of South Vietnam	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
Bank of Cambodia	2.3425	1.8973	18.8445	46.35	12.228	14.824	4.318	118.66	32.89
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Source: 1278 Irish C.
(a) Commercial bank. (b) Amounts needed to buy one pound. (c) Units of 100. (d) Units of 1,000.

International Harvester Stumbles Into 1981

(Continued from Page 9)

more than \$25 million annually. Strict inventory-control guidelines were adopted after the company learned during the strike that it could get by on less inventory. As a result, Harvester says, working capital requirements were \$800 million less in 1980 than they would have been under previous practices.

The distance that Harvester still has to go, however, was highlighted early in December when the directors decided to reduce the quarterly dividend by more than 50 percent to 30 cents a share. The move upset investors who had held the stock for its traditionally generous dividends.

Three days before the board

meeting, Mr. McCordell ignored his own prediction that the company, which lost \$397.3 million in the year ended Oct. 31, would suffer a loss in the first quarter. He said that the dividend cash requirements were inconsequential. "It's only \$80 million a year," he said.

Specter of Crunch

Mr. McCordell, who was wooed to Harvester from the presidency of the Xerox Corp. three years ago, was awarded a controversial \$1.7-million bonus a few months ago on the strength of 1979 earnings of \$369.8 million on record sales revenues of \$8.4 billion. This fiscal year, sales plunged to \$6.3 billion under the effects of a six-month-long strike and a failing economy.

With the possibility of a severe cash crunch in early 1981, which could require putting more of the company's assets on the auction block, the directors agreed to cut the dividend.

That was the latest of a series of austerity measures and strategy changes. In the fall Harvester canceled a \$100-million preferred stock issue and chopped \$150 million from the next year's capital

and research budgets, the cornerstones of Mr. McCordell's revival strategy. Mr. McCordell conceded that "over the years we had lost a lot of our operating flexibility," for which he blamed union work rules. "We were undercapitalized and couldn't borrow, so we had a lot of old plants and equipment," he continued, blaming the dividend policy and high wage rates. "And we were not as wise as we could have been in our use of working capital."

High-Cost Plants

The company's debt load of \$2.2 billion, about a quarter of which is tied to movements in the prime rate, is expected to help push Harvester into the red in the first quarter. And high interest rates will depress sales volume. Mr. McCordell said, however, that he expected interest rates to peak sometime in January, followed by relief from credit pressures later in the year.

Along with weak markets and climbing interest expenses, International Harvester is saddled with high-cost plants; and it neatly all its products for mature markets

with slow growth rates. The ratings on its debt securities are mostly in the Baa and B categories. Its common stock is selling at less than 50 percent of book value.

Harvester cannot find a buyer for its Scout division, a maker of sport and utility vehicles. An agreement to sell it to a Texas-based group early this year was terminated in October.

It still faces contingent liabilities from the divestiture of its Wisconsin Steel division. Other problems range from a patent infringement suit brought by Archival Deere & Co. to Federal Trade Commission allegations of safety defects on gasoline-powered tractors.

Nevertheless, Mr. McCordell says he expects that Harvester will be in good shape after surviving through the beginning of the year. Several analysts predict that the company will put up for sale one of its businesses—possibly construction equipment—when the going gets rougher. Harvester says it has adequate financing to meet its needs, but it has called a list of divestiture possibilities from its 120 different units.

Israel Inflation a Record

TEL AVIV — Israel's 1980 inflation rate was a record 135 percent, according to a statistics office estimate issued Friday. The office said the value of the shekel fell by 114 percent against the dollar over the year.

NYSE Nationwide Trading Closing Prices Jan. 2

Tables include the nationwide prices up to the closing on Wall Street.

12 Month	High	Low	Div.	Yield	P/E	100s	High	Low	Close	Open	Close
30 Year	120.00	118.00	1.50	12.50	10.00	100.00	118.00	116.00	117.00	117.00	117.00
20 Year	115.00	113.00	1.25	11.50	9.00	100.00	113.00	111.00	112.00	112.00	112.00
10 Year	110.00	108.00	1.00	11.00	8.00	100.00	108.00	106.00	107.00	107.00	107.00
5 Year	105.00	103.00	0.75	10.50	7.00	100.00	103.00	101.00	102.00	102.00	102.00
1 Year	100.00	98.00	0.50	10.00	6.00	100.00	98.00	96.00	97.00	97.00	97.00

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North	341 1/2	41 1/2	41 1/2	72	620 Frisco				
North West	341 1/2	41 1/2	41 1/2		670 G. A. Res				
Packers	329 1/2	41 1/2	41 1/2		1100 G. District				
on Park	329 1/2	29	29		660 G. District				
on Trust	327 1/2	26 1/2	26 1/2		350 Gilchrist				
Texas	341 1/2	41 1/2	41 1/2		1300 Grandco				
Blk Com	328	27 1/2	28 + 1/2		3200 GL Forest				
Ent	325 1/2	24 1/2	25 1/2 +		150 Greynud				
on Not Res	327 1/2	27	27 - 1/2		500 Hard Crp				
on Tire A	325 1/2	29 1/2	29 1/2 + 1/2		950 Hewlett				
ander Oil	330 1/2	30	30		301 Hayes D				

Georgia Beats Notre Dame, 17-10; Michigan Wins Rose Bowl

Herschel Walker Excels in Sugar Bowl; Bulldogs' No. 1 Ranking Secure

By Gordon S. White Jr.
New York Times Service

ATLANTA — Georgia's only 23 yards for two touchdowns after Notre Dame's 17-10 victory in the Sugar Bowl Saturday, and the Bulldogs' No. 1 ranking in the nation is secure.

Walker, who was virtually assured the only unbeaten and for college team, of the No. 1 ranking as determined by the wire-service polls. It was the first such ranking in the history of the sport.

Georgia's running star, Herschel Walker, who was named the national player of the year, scored the only touchdown in the first quarter, a 17-yard run, to give Georgia a 7-0 lead.

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Scott Woerner, the left cornerback, was particularly effective against Notre Dame's finest receiver, Tony Hunter. Woerner made two interceptions, one in the second quarter and one late in the fourth that ended Notre Dame's last chance.

For the Irish, the result meant a sad finish to the six-year tenure of Coach Dan Devine, who announced in August he was stepping down after this season. His current team, which was undefeated and once-tied through its first 10 games, lost its last two — to Southern California Dec. 6 and then in the Sugar Bowl — to give the Irish a 9-2-1 record.

Another Bowl Victory
After the game, the National Football Foundation and Hall of Fame announced that Georgia was the winner of the MacArthur Bowl, which the hall gives each season to the team it considers No. 1 in the nation.

But the real reward for the Bulldogs should come Saturday night, when the final Associated Press and United Press International polls will be released. Georgia, having gone into this game ranked No. 1 in both polls, seems likely to retain that spot.

"This game is typical of the kind of game we have against good teams," Coach Vince Dooley said. "I'd like to think we make our own good fortune. We are constantly gnawing at people. Some phase of our game finds a way to win. Our defense coming up with the big play was how we won today."

But there was one thing Dooley had not seen — the gift from the Irish returners. Notre Dame's Ty Barber and Jim Stone let a first-quarter kickoff bounce to the 1-

where Bob Kelly of the Bulldogs fell on it. The kick had gone more than 10 yards, so it was a free ball and either team could recover.

Notre Dame had scored first on a 50-yard field goal by Harry Oliver, and Georgia had tied it 11 minutes later on a field goal of 46 yards by Rex Robinson.

It was Robinson's kickoff after his tying field goal that was botched by Stone and Barber. Each had begun moving up to engage the Georgia coverage — each with the intention of blocking for the other. The ball sailed over their heads, and Kelly had the biggest recovery of his life.

Georgia quarterback Buck Belue tried to sneak in from the 1 but got nowhere. Then he gave the ball to Walker, who took a running leap high over the packed blockers and tacklers to fall into the end zone. Robinson kicked the extra point, and Georgia led, 10-3, with 1:06 left in the first quarter.

The Bulldogs went after the ball once again just after the second period had started, forcing John Sweeney, the Irish fullback, to give it up at the Notre Dame 22. Georgia roverback Chris Weitzner recovered.

Starting the second short touchdown drive, Walker went off right tackle and out of bounds after 12 yards. Belue rolled left for 7 and then Walker carried on the sweep into the end zone at 1:11 of the second quarter. Robinson got the extra point again, and the Bulldogs' lead was 14 points.

The third-period touchdown run of 1 yard by Phil Carter, Notre Dame's tailback, made the score respectable.

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Georgia's Herschel Walker scores from the 1-yard line in the first period of the Sugar Bowl.

Sooners Nip FSU; Tide Rolls, 30-2

The Associated Press

MIAMI — Quarterback J.C. Watts threw an 11-yard touchdown pass to Steve Rhodes with less than 90 seconds left in the game and then hit Forrest Valora with a two-point conversion pass to give Oklahoma an 18-17 victory over Florida State in the Orange Bowl Thursday night.

Watts took the Sooners 78 yards in nine plays on the game-winning drive. He got it going with a 42-yard pass play to Rhodes followed by a 14-yarder that Chet Winters caught at the 21.

On the next play, Watts was forced to keep, skirting left end for 10 yards to the 11, and then saw Seminole defenders drop two possible interceptions. The latter came one play before a diving catch by Rhodes for the score with 1:27 left.

Florida State had one last hope for a win: Bill Casper's 62-yard field goal try on the game's final play was on target — but about five yards short.

Completing seven of 12 passes for 132 yards in the game, Watts (whose initials stand for Julius Caesar) engineered the drive that produced the only fourth-quarter score against the Sooners all season. Both teams finished with 10-2 records and both had dreams of a national championship shattered earlier in the day when Georgia defeated Notre Dame in the Sugar Bowl.

Oklahoma's other scoring came on an Orange Bowl-record 53-yard field goal by Michael Keeling on the final play of the first half, and the Sooners drove 78 yards with the second-half kickoff to take a 10-7 lead on a 4-yard run by David Overstreet.

Florida State's Ricky Williams, a reserve running back, was the game's leading rusher with 99 yards on 14 carries. He had opened the scoring on a 10-yard touchdown run with 49 seconds remaining in the second quarter. The Sooners also scored on a 19-yard field goal by Casper with 19 seconds left in the third period.

With about 12 minutes remaining in the game and the score tied at 10, Oklahoma faced a fourth-down situation at its 33-yard line when center Mark Luckey's snap sailed through Keeling's hands and rolled toward the Sooners goal line.

Keeling retreated and tried, as he was just inside the 5, to kick the grounded ball back through the end zone for only a safety. But he was decked by FSU's Ron Hester, and the ball dribbled into the end zone.

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zone, where Butler covered it to give Florida State a touchdown and a 17-10 lead.

The Seminole defense had given Oklahoma problems throughout the night, forcing five other fumbles besides Keeling's on the attempted punt. Watts, voted the most valuable player in Oklahoma's 24-7 victory over Florida State in this game a year ago, accounted for four of the Sooners' fumbles, and lost three of them.

His backup, Darrell Shepard, also lost a fumbled snap after Watts was shaken up on the second play of the fourth quarter.

Oklahoma's Coach Barry Switzer said the Sooners were lucky. "To play as poorly as we did — three turnovers in the first half, three in the second, a fumbled punt — we were lucky to come back and win against such a good team."

Commented FSU Coach Bobby Bowden: "The game showed we're a lot better than we were a year ago. Last year they ran away from us. This year they had to scratch it away."

Alabama 30, Baylor 2
DALLAS — Peter Kim kicked three field goals and a defense led by All-American end E.J. Junior forced six turnovers as Alabama rolled to a 30-2 victory over Baylor in the 45th Cotton Bowl Thursday.

Baylor's offense was all but blunted by the swarming Crimson Tide defense, which helped bring Alabama coach Bear Bryant his 30th career triumph. Bryant will thus go into the 1981 season needing just nine victories to become the winningest collegiate football coach ever.

Baylor could manage only 36 total yards — including 12 on the ground in 14 tries — in the first half. Alabama was penalized for more yards in the first half than Baylor could gain on its own.

Kim kicked field goals of 29 and 28 yards in the first half and added a 42-yarder in the third quarter. The three field goals tied a Cotton Bowl record set in 1972 by Penn State's Alberto Vittello.

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Major Ogilvie, who carried 15 times for 74 yards, scored Alabama's first touchdown, going over from the 1 in the second quarter. Alabama, which finished with 241 yards on the ground, added a pair of touchdowns in the final quarter on a 1-yard run by starting quarterback Don Jacobs and a 3-yard run by running back Mark Nix with 76 seconds to play.

Wangler suffered a serious knee injury in Michigan's 17-15 loss to North Carolina in the Gator Bowl, missed 1980 spring practice and didn't score back until taking over at quarterback after the death of the Notre Dame game, second on the Michigan schedule.

From then on, the 192-pound senior has been the regular, although he runs infrequently as Schembechler wanted to take no chance with his quarterback's knee.

Wangler, after his poor start, wound up with 12 completions in 20 tries for 145 yards with no interceptions.

Washington quarterback Tom Flick hit on 23 of 39 passes for 282 yards but had throws picked off by Brian Carpenter in the second quarter and Keith Bostic in the fourth.

While the first quarter belonged to Washington, the entire second half was Michigan's as the Huskies could mount no sustained offense.

The Michigan TD drives covered 80, 84 and 62 yards and throughout the afternoon, there was only one fumble, by Flick late in the game.

Woolfolk was named the game's most valuable player as his running continually kept the Huskies defense in the hole.

The Pac 10 had won nine of the past 10 Rose Bowl games, but since 1947, when the pact between the two conferences was signed, the Big 10 holds a 19-16 lead, including Michigan's victory.

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Schembechler Ends Postseason Drought

The Associated Press

PASADENA, Calif. — Power running by Butch Woolfolk and timely passing by quarterback John Wangler ended Michigan's postseason drought New Year's Day as the Wolverines hammered Washington, 23-6, in the 67th Rose Bowl game.

The victory gave Michigan Coach Bo Schembechler his first bowl triumph after seven losses — five of them in Rose Bowls.

Woolfolk, a 207-pound junior, ran for 132 yards in 26 carries for the Big 10 team and scored the first Michigan touchdown on a 6-yard run.

Wangler, who missed four of his first five passes, finally caught on and his production included a 7-yard touchdown throw to Anthony Carter in the third quarter that clinched victory.

Outplayed in the first quarter and trailing 3-0 in the second period, the Wolverines moved 80 yards in nine plays, including a key 19-yard pass from Wangler to Alan Mitchell, carrying to the Washington 8. Woolfolk gained two yards

before scoring on the following play.

Washington's Chuck Nelson, who had kicked a 35-yard field goal midway through the second quarter, booted one from 26 on the final play of the half for all of the Pac-10 team's points.

In the third quarter, Ali Haji-Sheikh kicked a 25-yard field goal and Wangler, who originally didn't figure in Michigan's plans after being hurt in the Gator Bowl following the 1979 season, threw to Carter, who caught his 14th TD pass of the season.

Late in the fourth quarter, fullback Stan Edwards, who played in Washington's 27-20 upset of Michigan in the 1978 Rose Bowl, crashed 1 yard for the game's final TD.

The Michigan field goal also was set up by a Wangler pass, again to Carter for 25 yards over the middle, reaching the Washington 11.

A crowd of 104,863 watched the Wolverines end their postseason jinx under the Schembechler regime. His teams in addition to losing five previous Rose Bowls also bowed to Oklahoma in the Orange Bowl and North Carolina in the Gator Bowl.

